

OPTAVIA®

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Independent **OPTAVIA** Coach Agreement – U.S.

This Independent **OPTAVIA** Coach Agreement (“Coach Agreement”) is entered into by and between **OPTAVIA** LLC (“**OPTAVIA**” or “Company”) and the independent **OPTAVIA** Coach (“**OPTAVIA** Coach” or “Coach”) as of the date the Coach provides its electronic acceptance through **OPTAVIA**’s website or by otherwise applying a signature (any such method of acceptance being an “Acceptance”). By entering into this Coach Agreement, the Coach confirms that he/she/it will be bound by all terms and conditions incorporated into this Coach Agreement, as further defined below. In addition, throughout the Coach Agreement, **OPTAVIA** and the Coach are sometimes individually referred to as a “Party” and collectively as “Parties”.

1. I understand that **OPTAVIA** reserves the right to reject the application of any prospective **OPTAVIA** Coach at its discretion.
2. I certify that:
 - a. I am at least 18 years of age;
 - b. I have never been convicted of, or plead no contest to, a felony charge;
 - c. Neither I nor my spouse is a current or former employee of Medifast, Inc. or any of its subsidiary and/or affiliate companies (unless I have received written permission from the President of **OPTAVIA**); and
 - d. I am legally authorized to engage in the activities described in this Coach Agreement.

I understand that, if I am unable to certify any of the aforementioned statements, I am ineligible to be an **OPTAVIA** Coach and that **OPTAVIA** may terminate my Coach Agreement and independent business without liability or penalty.

3. If **OPTAVIA** accepts my application, I understand that:
 - a. I have the right to solicit orders for **OPTAVIA** products in accordance with these terms and conditions.
 - b. I understand that it is within the exclusive right of **OPTAVIA** to accept or reject orders that I submit.
 - c. I have the right to sponsor applicants to become Coaches with **OPTAVIA**.
 - d. If qualified, I am eligible to earn commissions pursuant to the **OPTAVIA** Integrated Compensation Plan.
4. I agree to present the **OPTAVIA** Integrated Compensation Plan and **OPTAVIA** products, programs and services as set forth in official **OPTAVIA** literature.
5. I agree that as an **OPTAVIA** Coach I am an independent contractor, and not an employee, partner, legal representative, or franchisee of **OPTAVIA**. I agree that I will be solely responsible for paying all expenses that I incur, including but not limited to travel, food, lodging, secretarial, office, long distance telephone, internet and other business expenses. **I UNDERSTAND THAT I SHALL NOT BE TREATED AS AN EMPLOYEE OF OPTAVIA FOR FEDERAL OR STATE TAX PURPOSES. OPTAVIA is not responsible for withholding, and shall not withhold or deduct from my bonuses and commissions, if any, payroll, income, or other taxes of any kind unless compelled to do so by law. I understand that I am not entitled to workers compensation or unemployment security benefits or any vacation, group medical or life insurance, disability, profit sharing or retirement benefits, or any other fringe benefits or benefit plans offered by OPTAVIA. Any persons employed or engaged by me in connection with the performance under this Coach Agreement shall be my employees or contractors and I shall be fully responsible for them and I hereby indemnify the Company against any claims made by or on behalf of any such persons.**

6. I understand that the **OPTAVIA** Policies, the Procedures, the **OPTAVIA** Integrated Compensation Plan, the Dispute Resolution Agreement, and any applicable addenda to these terms and conditions, are incorporated into and made a part of the terms and conditions of this Coach Agreement. I further understand that if I have not yet reviewed the Policies, the Procedures, the Integrated Compensation Plan, the Dispute Resolution Agreement, and any applicable addenda at the time I provide my Acceptance of this Coach Agreement, I understand that they are posted in my **OPTAVIA** Back-Office ("**OPTAVIA** CONNECT") or are available on <https://COACHANSWERS.OPTAVIA.com>. I will review the Policies within five (5) days from the date on which I provide my Acceptance of this Coach Agreement. If I do not agree to the Policies or any other provisions of the Coach Agreement, my sole recourse is to notify the Company and cancel my Coach Agreement within five (5) days of providing my Acceptance of the Coach Agreement. Failure to cancel constitutes my acceptance of the Coach Agreement. I understand that I must be in good standing, and not in violation of the Coach Agreement, to be eligible for bonuses or commissions from **OPTAVIA**.
7. I understand that, except for the provisions of the Dispute Resolution Agreement, which may only be amended as set forth in the Dispute Resolution Agreement, the Coach Agreement may be amended at the sole discretion of **OPTAVIA**, and I agree to abide by all such Amendments ("Amendments"). Amendments shall be posted in my **OPTAVIA** CONNECT or available on <https://COACHANSWERS.OPTAVIA.com>. Amendment(s) shall become effective after being posted in **OPTAVIA** CONNECT or on <https://COACHANSWERS.OPTAVIA.com>, but amended Policies shall not apply retroactively to conduct that occurred prior to the effective date of the Amendment. The continuation of my **OPTAVIA** business or my acceptance of bonuses or commissions after the effective date of any Amendments shall constitute my acceptance of any and all Amendments.
8. The term of this Coach Agreement is one (1) year from the date of enrollment (subject to prior cancellation or termination pursuant to the Policies). If I do not renew my **OPTAVIA** business by paying the annual renewal fee, or if it is canceled or terminated for any reason, I understand that I will permanently lose all rights as an **OPTAVIA** Coach. I shall not be eligible to solicit orders for **OPTAVIA** products nor shall I be eligible to receive commissions, bonuses, or other income resulting from my activities or the activities of my former downline sales organization. **In the event of cancellation, termination or nonrenewal, I waive all rights I have, including but not limited to property rights, to my former downline organization and to any bonuses, commissions or other remuneration derived through the sales and other activities of my former downline organization.** I understand that **OPTAVIA** reserves the right to terminate the Coach Agreement upon thirty (30) days' notice if the Company elects to: (1) cease business operations; (2) dissolve as a business entity; or (3) terminate distribution of its products and/or services via direct selling channels.
9. An **OPTAVIA** Coach may not assign his/her/its rights under the Agreement without the prior written consent of **OPTAVIA**. Any attempt to transfer or assign the Agreement without the express written consent of **OPTAVIA** renders the Agreement voidable at the option of **OPTAVIA** and may result in termination of the Agreement.
10. I understand that if I fail to comply with the terms of the Coach Agreement, **OPTAVIA** may impose upon me disciplinary sanctions as set forth in the Policies. I further understand that **OPTAVIA** shall not be required to go through the Dispute Resolution process as set forth in the Dispute Resolution Agreement prior to issuing disciplinary action.
11. I understand that **OPTAVIA** is a member of the Direct Selling Association and provides certain assurances under the Direct Selling Association Code of Ethics (<https://www.dsa.org/consumerprotection/code-of-ethics>), including provisions dealing with the return of inventory.

12. The Coach Agreement, in its current form and as amended by **OPTAVIA** at its discretion, (except for the Dispute Resolution Agreement, which may only be amended as set forth therein), constitutes the entire contract between **OPTAVIA** and myself. Any promises, representations, offers, or other communications not expressly set forth in the Coach Agreement are of no force or effect.
13. Any waiver by either Party of any breach of the Agreement must be in writing and signed by an authorized agent of the Party against which the waiver is asserted. Any waiver of a breach by a Party shall be a one-time waiver only and shall not operate or be construed as a waiver of any subsequent breach.
14. If any provision of the Coach Agreement is held to be invalid or unenforceable, such provision shall be severed, and the severed provision shall be reformed only to the extent necessary to make it enforceable and the remaining provisions shall remain in full force and effect. The severed provision shall be reformed so that it is in compliance with the law and reflects the purpose of the original provision as closely as possible.
15. All disputes between the Parties shall be resolved pursuant to the Dispute Resolution Agreement. **THE PARTIES WAIVE THEIR RIGHTS TO HAVE A DISPUTE TRIED BEFORE A COURT OR JURY EXCEPT AS SET FORTH IN THE DISPUTE RESOLUTION AGREEMENT.**
16. The Coach Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflict of law principles.
17. **Maryland Residents:** A Maryland resident may cancel his/her/its Coach Agreement for any reason within three (3) months after the date of receipt of goods or services first ordered; upon cancellation, the Company shall repurchase the goods; and the repurchase price shall be at least 90% of the original price paid by the participant.
18. **Montana Residents:** A Montana resident may cancel his/her/its Coach Agreement within fifteen (15) days from the date of enrollment, and may return his/her/its starter kit and any products he/she/it purchased for a full refund within such time period.
19. **Louisiana, Massachusetts and Wyoming Residents:** If you are a Louisiana, Massachusetts or Wyoming resident and you cancel your Coach Agreement, **OPTAVIA** will refund 90% of your purchase price for any administrative fees you have incurred during the current year upon receipt of your written request.
20. **Puerto Rico Residents:** A Puerto Rico resident may cancel this Coach Agreement at any time within ninety (90) days from the date of enrollment, or at any time upon showing the Company's noncompliance with any of the essential obligations of the distribution contract or any act or omission by the Company adversely affecting the interests of the dealer in the development of the market of the properties or services. Your cancellation must be sent to the Company in writing and sent via registered mail. If you cancel under these conditions, the Company shall: (a) Reacquire the total of the products that you purchased from the Company which are in your possession and in good condition at a price of not less than ninety percent (90%) of their original net cost; (b) Return to you not less than ninety percent (90%) of the original net cost of any services that you acquired from the Company; (c) Return 90% of any sum paid by you for the purpose of participating in the business.
21. I agree to release **OPTAVIA** and its affiliates from all liability. I hereby expressly waive and release any and all claims, now known or hereafter known, against **OPTAVIA**, its officers, directors, managers, employees, agents, affiliates, parents, shareholders, successor in interest or title, and assigns (collectively, "Releasees"), on account of injury, illness, disability death or property damage arising from or relating to my promotion or operation of my **OPTAVIA** business and any activities related to it (e.g., the presentation of **OPTAVIA** products or Integrated Compensation Plan, the operation of a motor vehicle, the lease of meeting or training facilities, etc.), and agree

to indemnify **OPTAVIA** for any liability, damages, fines, penalties, or other awards arising from any unauthorized conduct that I undertake in operating my **OPTAVIA** business. I covenant not to make or bring any such claim against **OPTAVIA** or any other Releasee, and forever release and discharge **OPTAVIA** and all other Releasees from liability under such claims.

22. A participant in this direct selling plan has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to the Company at renewals@OPTAVIA.com.
23. Any dispute relating to, concerning or otherwise arising out of the Coach Agreement must be addressed in accordance with the terms of the Dispute Resolution Agreement.
24. I grant **OPTAVIA** an irrevocable license to reproduce and use my name, photograph, recording, video, image, personal story, testimonial, and/or likeness (collectively “image”) in its advertising or promotional materials, including but not limited to use in online forums, and I waive all claims for remuneration for such use. I further waive my right to inspect or approve all draft, beta, preliminary, and finished images of me used by **OPTAVIA**.

OPTAVIA OFFICIAL POLICIES – U.S.

SECTION 1 - GENERAL POLICIES

1.1 POLICIES, PROCEDURES & COMPENSATION PLAN INCORPORATED INTO THE INDEPENDENT **OPTAVIA COACH AGREEMENT.**

These Policies, in their present form and as amended at the sole discretion of **OPTAVIA** LLC (hereinafter, “**OPTAVIA**” or the “Company”), are incorporated into the Independent **OPTAVIA** Coach Agreement. Throughout these Policies, when the term “Agreement” is used, it collectively refers to the Independent **OPTAVIA** Coach Agreement, the **OPTAVIA** Policies, the **OPTAVIA** Procedures, the **OPTAVIA** Integrated Compensation Plan, the **OPTAVIA** Business Entity Addendum (the Business Entity Addendum is only applicable to **OPTAVIA** Coaches who enroll as a Business Entity), and all Appendices attached hereto. An independent **OPTAVIA** Coach shall be referred to herein as an “**OPTAVIA** Coach” or “Coach” (**OPTAVIA** and Coach are hereinafter sometimes referred to individually as a “Party” and jointly as the “Parties”). It is the responsibility of each Coach to read, understand, adhere to, and ensure that he/she is aware of and operating under the most current version of these Policies.

1.2 AMENDMENTS.

The Company reserves the right to amend the Agreement at its sole discretion (each an “Amendment”). Amendments shall be effective after publication of the amended provisions in Coaches’ Back-Offices or **OPTAVIA**’s corporate sites, but amended Policies shall not apply retroactively to conduct that occurred prior to the effective date of the Amendment. The continuation of a Coach’s business, or a Coach’s acceptance of bonuses or commissions, after the publication of an Amendment constitutes acceptance of any and all Amendments.

1.3 POLICIES & PROVISIONS SEVERABLE.

If any provision of the Agreement, in its current form, or as amended, is held void or unenforceable, only the void or unenforceable portion(s) of the provision shall be severed from the Agreement and the remaining provisions shall remain in full force and effect. The severed provision shall be reformed so that it is in compliance with the law and reflects the purpose of the original provision as closely as possible.

1.4 NOTICES.

Any notice or other written communication required under this Agreement shall be delivered personally, by e-mail or mail. Unless otherwise provided in the Agreement, such notice shall be deemed given when delivered personally or, if transmitted by e-mail, one (1) day after the date of such e-mail or, if mailed, five (5) days after the date of mailing to the address of **OPTAVIA**’s principal place of business or to the Coach’s address. Notice to a Coach will be mailed to his or her address or e-mail address of record with the Company. **OPTAVIA** shall have the right, as an alternative method of notice, to use communications via the Coach’s Back-Offices or corporate websites or other normal channels of mass communications with its field of Coaches. This provision does not apply to notices of Amendments to the Policies, which are effective upon posting as described in Section 1.2. It is the sole responsibility of the Coach to maintain their correct address, e-mail address, phone number and other contact information on file with **OPTAVIA**.

1.5 FORCE MAJEURE.

OPTAVIA shall not be responsible for delays or failure in performance caused by circumstances beyond the Company’s control, such as, but not limited to, strikes, labor difficulties, product shortages, energy or fuel shortages, fire, war, acts of terrorism, government decrees, natural disasters, inclement weather, or orders of curtailment of a party’s usual source of supply. Any epidemic or pandemic, such as COVID-19, and all consequences arising from or measures relating to an epidemic or pandemic, such as quarantines, business closures, social distancing and travel and transportation restrictions ordered by governmental authorities, whether in effect on or after the effective date of the Agreement, shall constitute Force Majeure under the Agreement, provided that such event or effect related to

an epidemic or pandemic caused **OPTAVIA** or a Coach, despite such Party's use of commercially reasonable efforts and due diligence, to be actually and demonstrably delayed in, or unable to, perform its obligations under the Agreement in whole or in part.

1.6 WAIVER.

Neither Party ever gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of the **OPTAVIA** business. No failure of either Party to exercise any right or power under the Agreement or to insist upon strict compliance with any obligation or provision of the Agreement, and no custom or practice of the Parties at variance with the terms of the Agreement, will constitute a waiver of the Party's right to demand exact compliance with the Agreement. Waiver can only be effectuated in writing by an authorized officer of the Company or by the Coach or their authorized agent. Either Party's waiver of any particular breach will not affect or impair either Party's rights with respect to any subsequent breach, nor will it affect in any way the rights or obligations of any other Coach. In addition, no delay or omission by **OPTAVIA** to exercise any right arising from a breach will affect or impair **OPTAVIA**'s rights as to that or any subsequent breach. The existence of any claim or cause of action of a Party against the other will not constitute a defense to the enforcement of any term(s) or provision(s) of the Agreement.

1.7 HEADINGS

The headings in the Coach Agreement are for convenience of reference only and will not limit or otherwise affect any of the terms or provisions of the Agreement.

1.8 TRANSLATIONS

In the event that any discrepancies exist between the English version of the Agreement and any translation thereof, the English version will be controlling.

SECTION 2 - BECOMING AN INDEPENDENT OPTAVIA COACH

2.1 COACH ELIGIBILITY.

In order to enroll as an independent **OPTAVIA** Coach, the individual must: (a) be at least 18 years of age; (b) have a valid Social Security Number or Federal Tax ID Number; and (c) have a residence in the United States, a U.S. territory or U.S. military base, to which correspondence, products and other items may be sent. See the **OPTAVIA** Procedures for Details on Enrolling as an Independent **OPTAVIA** Coach.

2.2 HEALTH PROFESSIONAL **OPTAVIA** COACHES.

Some individuals who enroll with **OPTAVIA** may also be current practicing healthcare professionals, i.e., physician, chiropractor, dietician, nutritionist or other profession which requires licensure by a state agency ("Health Professional"). Health Professionals who are also independent **OPTAVIA** Coaches are subject to the same Policies as all independent **OPTAVIA** Coaches. Health Professional **OPTAVIA** Coaches provide two distinct services to their clients ("Clients"). The first is medical or healthcare, which is not a part of the **OPTAVIA** program. The second is coaching, which does not involve the practice of medicine or healthcare. Health Professional **OPTAVIA** Coaches must differentiate between any medical service they provide to patients and coaching that they provide to Clients. It is strongly advised that Health Professional **OPTAVIA** Coaches inform patients who are prospective Clients that they are financially compensated as an **OPTAVIA** Coach. An **OPTAVIA** Coach is not a substitute for a physician, qualified medical practitioner or a healthcare professional for monitoring patients using **OPTAVIA** products and/or programs and must not be portrayed as such. Health Professional **OPTAVIA** Coaches should refer to Appendix A, **OPTAVIA** Coaching Guidelines, for reference to guidelines concerning the role of an independent **OPTAVIA** Coach.

2.3 COMPANY DISCRETION.

The Company reserves the right to accept or reject any Coach enrollment at its sole and absolute discretion.

2.4 ONE INDIVIDUAL PER **OPTAVIA** COACH BUSINESS.

Only one individual may apply for an **OPTAVIA** Coach business and submit an Independent **OPTAVIA** Coach Agreement to the Company. If the individual wishes to operate the **OPTAVIA** business with their Spouse, please see the Policy on Married Couples (Policy 2.6). If more than one individual wishes to operate an **OPTAVIA** Coach business together, then those individuals must create a Business Entity to operate the Coach business, please see the Policy on Business Entities (Policy 3.27).

2.5 LIMITATIONS ON **OPTAVIA** COACH & HOUSEHOLD BUSINESSES.

Coaches may own, operate, control, or have an interest in, only one **OPTAVIA** business, and there may be only one **OPTAVIA** business in a Household. Coaches who had multiple businesses prior to the announcement of this Policy shall be permitted to retain only one of these businesses (unless previously authorized by the Company, in writing, to acquire the business). A "Household" is defined as Spouses ("Spouses" is further defined in Policy 2.6) and dependent children of one or both Spouses, living in the home of a Spouse (hereinafter "Household"). Exceptions to the one business per Household and per Coach Policy are:

- a. ***Marriage and other legal unions.*** If two Coaches marry, form a domestic partnership or civil union, or enter a common-law marriage each will be permitted to retain their original businesses;
- b. ***Licensed Healthcare Industry and Health Professional OPTAVIA Coaches.*** Professional businesses in the healthcare industry that require a license issued by a governing state agency (e.g., surgical centers, medical group practices, and chiropractic offices) may own an independent **OPTAVIA** Coach business. Health Professionals who have an ownership interest in a healthcare business may own an independent **OPTAVIA** Coach business in addition to the **OPTAVIA** Coach business owned by the professional healthcare business in which they hold an ownership interest, provided that both businesses share the same sponsor;
- c. ***Authorized Purchase of an OPTAVIA Coach Business.*** If an existing **OPTAVIA** Coach is authorized by the Company to acquire another **OPTAVIA** Coach's business, in compliance with the Business Transfer Policy, the acquiring Coach may own his/her original business and the business which he/she acquired; and
- d. ***Inheritance.*** If an existing Coach is the beneficiary of an **OPTAVIA** business pursuant to a will or probate, and the transfer is effected on or after the death of the testator, the existing Coach may operate multiple **OPTAVIA** businesses. An *intervivos* transfer (i.e., a transfer made while the transferor Coach is still living) of an **OPTAVIA** business to an existing Coach is not permissible unless the testator is adjudicated to be mentally or physically incapacitated such that he/she is incapable of operating or managing his/her **OPTAVIA** business.

2.6 COUPLES.

Couples that are married or joined in another legal union and who wish to become **OPTAVIA** Coaches are required to operate as a single **OPTAVIA** business under a single Social Security Number or Federal Tax ID Number. If the Spouse of an existing Coach wishes to become an **OPTAVIA** Coach, they must agree to the terms and conditions of the Independent **OPTAVIA** Coach Agreement and then can be added to the Spouse's existing **OPTAVIA** Coach business as a "Co-applicant". Only a Spouse can be added as a Co-applicant to an existing **OPTAVIA** Coach business. Spouses include those individuals bound by a marriage, civil union, domestic partnership or common-law marriage (each a "Spouse"). Should one or more individuals wish to operate a single **OPTAVIA** Coach business, then those individuals must create a Business Entity to operate the business. Spouses will be treated as one business for recognition purposes with the exception that each Spouse must take the required certification course and pass the exam to be recognized as an "Independent Certified **OPTAVIA** Coach." If only one Spouse takes the training and passes the exam, only that Spouse will be recognized as an "Independent Certified **OPTAVIA** Coach." See the **OPTAVIA** Procedures for Details on Enrolling as a Married Couple.

2.7 TERM & RENEWAL OF THE **OPTAVIA** COACH AGREEMENT.

The term of the Independent **OPTAVIA** Coach Agreement is one (1) year from the date of enrollment and must be renewed annually. Failure to renew an **OPTAVIA** business results in the cancellation of the **OPTAVIA** Coach business and the account being converted to "Client" status. Cancellation also results in the forfeiture of commissions and bonuses and the loss of the Coach's downline organization, which will "roll-up" to the Coach's sponsor ("Sponsor") (a Coach's Sponsor is sometimes referred to as a "Business Coach"). Should the individual wish to be reinstated as an **OPTAVIA** Coach, he/she may do so, subject to certain time frames and conditions ("Reinstatement"). See the **OPTAVIA** Procedures for Details on Renewal and Reinstatement of an **OPTAVIA** Coach business.

2.8 **OPTAVIA** COACH INFORMATION.

Coaches must supply the Company with a valid mailing, e-mail address, and phone number for communication purposes and consent to being contacted by the Company regarding their **OPTAVIA** Coach business. Each Coach is responsible for keeping his/her information (name, address, phone number, e-mail address, etc.) up to date and accurate and must immediately update the Company on any changes concerning this information. The Company may terminate your Agreement if the Company determines false or inaccurate information was provided by the Coach. If a Coach fails to update his/her information (including any information on a Business Entity Addendum), holds may be placed on his/her account or other disciplinary action may be taken, up to and including termination. In addition, the Company will not be held responsible for communications and/or information not received by the Coach due to failure to update information on his/her account or on the Business Entity Addendum. See the **OPTAVIA** Procedures for Details on Updating **OPTAVIA** Coach Information.

2.9 INDEPENDENT CONTRACTOR RELATIONSHIP.

OPTAVIA Coaches are independent contractors and not employees of **OPTAVIA**, and must never hold themselves out as employees of the Company. COACHES SHALL NOT BE TREATED AS EMPLOYEES OF **OPTAVIA** FOR FEDERAL OR STATE TAX PURPOSES OR FOR ANY OTHER REASON. **OPTAVIA** will not withhold taxes or withholdings of any nature from Coaches' earnings. Coaches are not entitled to workers compensation or unemployment security benefits.

SECTION 3 - OPERATING AN INDEPENDENT **OPTAVIA** COACH BUSINESS

3.1 GENERAL CONDUCT.

Coaches shall not engage in any conduct that may damage the Company's reputation. While it is impossible to specify all misconduct that would be contrary to this Policy, and the following list is not a limitation on the standards of conduct to which Coaches must adhere pursuant to this Policy, the following standards specifically apply to Coaches' activities:

- a. As an independent **OPTAVIA** Coach, you agree to abide by the Coach Code of Ethics, attached as Appendix B;
- b. Deceptive conduct is always prohibited. Coaches must ensure that their statements are truthful, fair, accurate, and not misleading;
- c. If a Coach's **OPTAVIA** business is cancelled for any reason, the Coach must discontinue using the **OPTAVIA** name, and all other names, trademarks, and other intellectual property belonging to **OPTAVIA**, and all derivatives of such intellectual property, in dealing with Clients, in postings on all social media, or otherwise;
- d. Coaches must not engage in any illegal, fraudulent, deceptive, or manipulative conduct in the course of their business or their personal lives that, in the Company's sole discretion, could damage the Company's reputation or the culture that exists within the independent field sales force.

- e. Coaches must be aware of and familiar with the provisions of the U.S. Foreign Corrupt Practices Act and all local applicable anti-bribery and anti-corruption laws. Coaches must conduct their businesses in compliance with the terms of these laws. In particular, Coaches must not promise, offer, authorize, agree to make, or actually make a payment of any item of value, directly or indirectly, to any government official in connection with the Coach's **OPTAVIA** business.
- f. Coaches must use reasonable safeguards to protect personal information entrusted to their care. These safeguards should include physical, administrative, and technical safeguards. See, for example, the [FTC's Start With Security: A Guide for Business](#). For additional guidance on handling personal information and data, please see Policies 3.8-3.9 and Appendix E Guidance on Handling Personal Information.
- g. Coaches must avoid using personal information in any way that would surprise or upset Clients or potential Clients.

3.2 FIELD-LED TRAINING AND TRAINING MATERIALS.

In order to fulfill their duties as a sponsoring Coach, Coaches may develop and/or use their own training tools and materials to support their personally sponsored Coaches or others in their downline organization (hereinafter, "Field Training Materials") so long as such Field Training Materials do not violate any of the Policies:

- a. ***Selling Training or Field Training Materials is Prohibited.*** Coaches are strictly prohibited from charging for or selling their training or mentoring services to other Coaches. Coaches are also prohibited from selling any Field Training Materials or accepting donations or gratuities in exchange for providing or creating Field Training Materials. Coaches may not develop, produce or distribute tools or materials that are confusingly similar in nature to those produced, published and provided by **OPTAVIA**, and may not imply or suggest that such Field Training Materials originate from **OPTAVIA** or are endorsed by **OPTAVIA**.
- b. ***Field Training Events.*** While these Policies prohibit the charging or selling of training or mentoring services, Coaches may charge solely to recover their direct, verifiable out of pocket costs for holding a Field Training event (e.g., costs for renting the venue, audio-visual services, catering, etc.). However, charging for any Field events, to receive any profit, or for personal time spent (rather than direct out of pocket expenses) is always prohibited.
- c. ***Field Training Materials Disclaimers.*** The following disclaimer must conspicuously appear on all Field Training Materials: "THIS FIELD TRAINING MATERIAL HAS BEEN PRODUCED BY <INSERT NAME OF COACH>, AN INDEPENDENT **OPTAVIA** COACH, AND IS NOT OFFICIAL MATERIAL PREPARED OR PROVIDED BY **OPTAVIA**". In addition, if the Field Training Materials discuss or mention the **OPTAVIA** Integrated Compensation Plan or income opportunity, the Field Training Materials must also include the appropriate income disclaimers, depending on the nature of the content of the presentation and a copy of the [OPTAVIA Income Disclosure Statement](#) ("IDS").
- d. ***Compliance Review.*** Field Training Materials are not required to be reviewed by the Company, so long as the Field Training Materials are in compliance with these Policies. However, should the Coach have any doubt concerning whether or not the Field Training Materials are in compliance with all relevant **OPTAVIA** Policies, the Coach should submit same to the **OPTAVIA** Compliance Department for review. See the **OPTAVIA** Procedures for Details on Submitting Field Training Materials to the Compliance Department.
- e. ***Rights of Company Regarding Field Training Materials.*** **OPTAVIA** reserves the right to audit, and if it so decides in its sole discretion, rescind any previous authorization that was given in connection with, a Coach's Field Training Materials. Upon notice of such rescission, each independent **OPTAVIA** Coach agrees to immediately cease using such Field Training Materials. COACHES WAIVE ANY CLAIM FOR DAMAGES OR REMUNERATION FOR ANY

LOSSES THAT THEY MAY INCUR RESULTING FROM OR RELATING TO THE COMPANY'S DECISION TO RESCIND ITS PRIOR APPROVAL.

3.3. PRODUCT LIABILITY CLAIMS & INDEMNIFICATION.

- a. **Product Liability Insurance.** The Company carries product liability insurance for those products that are faulty, defective or otherwise subject to recall. This coverage does not include the actions of Coaches in promoting the products, programs, or business opportunity.
- b. **Indemnification for Product Liability Claims.** In the event of a product liability claim brought against a Coach by a third party for a defective product or for injury from use of a product, the Company will indemnify and defend the Coach from such claims, subject to the limitations specified in Policy 3.3.c. below, and subject to the coverage maximum under **OPTAVIA**'s product liability insurance.
- c. **Requirements for Indemnification.** In order to be indemnified for product liability claims, the Coach must notify the Company of the claim in writing within ten (10) days of receipt of notice of the claim. The Company has no obligation to indemnify the Coach if he/she has: (a) violated the Agreement; (b) made claims or given instructions about the products which are not included in the Company's current approved literature, warnings, or product labels; or (c) settled or attempted to settle a claim without the Company's written approval. In addition, indemnification is conditioned upon the Coach allowing the Company to assume the sole defense of the claim.
- d. **Indemnification by Coach.** The Coach agrees to indemnify the Company from any claim made by a third party that arises directly or indirectly because he/she has: (a) violated the Agreement; (b) made claims or given instructions about the products which are not included in the Company's current approved literature, warnings, or product labels; or (c) adulterated or otherwise changed the **OPTAVIA** products.

3.4 INSURANCE.

- a. **Business Pursuits Coverage.** While the Company carries product liability insurance in the event of claims for faulty or defective products, the Company suggests that Coaches secure additional liability insurance to cover any business exposure for which they may be liable in the independent marketing or advertising of any products, programs or the **OPTAVIA** business opportunity.
- b. **Travel Liability.** Coaches understand and accept any and all travel-related risks in regard to their business. Coaches are encouraged to secure travel insurance as related to their business.
- c. **Other Insurance.** The Company does not provide health insurance, disability insurance, event insurance, professional liability insurance, malpractice insurance, business property coverage, or any other type of insurance to Coaches. The Company suggests that Coaches evaluate for themselves whether to secure such insurance policies for themselves.

3.5 COMPENSATION.

The Company compensates Coaches through its Integrated Compensation Plan (attached as Appendix I) (hereinafter "Compensation Plan"). Compensation is determined proportionally based on sales of products to end-user consumers within the Coach's organization. Sponsoring new Coaches leverages and expands a Coach's business and provides additional persons marketing the Company's products, programs and services to Clients, however, no compensation is paid based upon the sponsoring of Coaches. Coaches and their Co-applicants are never compensated on their personal order; a Coach's/Co-applicant's personal order is always credited to the Sponsor/Business Coach of that Coach/Co-applicant. A Coach/Co-applicant is always the client of his/her Sponsor/Business Coach. As a result, neither a Coach nor a Co-applicant is permitted to have a separate Client account for placing orders. If a Coach later adds a spouse to their Coach account and that spouse had a separate Client account, no further Client orders may be placed under their Client account after they are added as a Co-applicant to the Coach account.

3.6 TAXES.

- a. **Payment of Taxes.** All Coaches are personally responsible for all taxes due on any income they earn. The Company will provide a record of all moneys paid to each Coach and will issue and file such reports as may be required by law. Every year the Company will provide an IRS Form 1099 MISC (Non-Employee Compensation) earnings statement to each U.S. individual or Business Entity Coach who has earnings of \$600.00 or more in the previous calendar year.
- b. **Sales Tax.** The Company will charge appropriate local sales tax on all orders subject to sales tax and submit it to the necessary government bodies.

3.7 NON-SOLICITATION (PARTICIPATION IN OTHER BUSINESS OPPORTUNITIES AND DIRECT SELLING PROGRAMS).

As an **OPTAVIA** Coach, you have made a commitment to helping others in their health and wellness journey. By enrolling as a Coach, you will not only have the opportunity to participate in the income opportunity and other incentives you may earn as a Coach, but you may also be provided with Client leads, tools and other trade secret sensitive information to help grow your business. Accordingly, while Coaches may engage in other business interests and opportunities outside of their independent **OPTAVIA** Coach business, they must also ensure strict compliance with the terms of these Policies, including the specific limitations provided in this Section 3.7 and Section 5.7 (below).

- a. **Definitions.**
 - i. **Competing Business(es).** A Competing Business is any business that sells Competing Goods or Services ("Competing Business") regardless of whether it is also a Direct Selling Program (as defined below).
 - ii. **Competing Goods or Services.** Competing Goods or Services are any goods or services that are in the same generic category as any good(s) or service(s) offered by **OPTAVIA**, regardless of differences in cost, quality, ingredients, functionality, service, or other distinguishing factors. By way of example, and not limitation, any goods or services related to health and wellness are considered competing goods or services ("Competing Goods or Services").
 - iii. **Direct Selling Program.** A Direct Selling Program is any business that meets each of the following criteria ("Direct Selling Program"):
 1. The business sells memberships, goods or services through independent contractors;
 2. The independent contractors are authorized to recruit, sponsor or enroll other independent contractor salespersons into the business or to submit persons or entities to the business for consideration as independent contractor salespersons; and
 3. Independent contractor salespersons are compensated in whole or in part on sales of goods or services of those independent contractor salespersons that they, or other independent contractor salespersons, are personally sponsoring and mentoring.
 - iv. **Non-Competing Business(es).** A Non-Competing Business is a business that sells good(s) or service(s) that do not compete with or are not in the same generic category as the good(s) or service(s) offered by **OPTAVIA** ("Non-Competing Business").
- b. **Participation in and Restrictions on Other Direct Selling Programs.**
 - i. During the Agreement, **OPTAVIA** Coaches and their Spouses (regardless of whether or not the Spouse is a Co-applicant or former Co-applicant) may not participate in any Direct Selling Program that sells Competing Goods or Services ("Competing Direct Selling Programs").

- ii. During the Agreement, **OPTAVIA** Coaches are free to participate in other Direct Selling Programs that do not sell Competing Goods or Services (“Non-Competing Direct Selling Programs”), however, Coaches are prohibited from promoting or selling these Non-Competing Direct Selling Programs, their goods services, to the Network. In addition, Coaches are prohibited from recruiting the Network to the business opportunity of the Non-Competing Direct Selling Program.
 - iii. During the Agreement, Coaches and their Spouses (regardless of whether or not the Spouse is a Co-applicant or former Co-applicant) who are recognized as Global Director (or above) and have achieved a paid rank of Global Director (or above) in the last twelve (12) rolling months are prohibited from participating in other Direct Selling Programs.
 - iv. Coaches who are recognized and have achieved a paid rank below Global Director in the last twelve (12) rolling months who remain exclusive with **OPTAVIA**, meaning they are not enrolled as a representative, affiliate or distributor with any other Direct Selling Program, will have access to a variety of exclusive benefits. These exclusive benefits include the eligibility to participate in the Leads Pool (so long as the Coach qualifies for same), participate in and attend special events, like the Annual Leadership Retreat (so long as the Coach qualifies for same) and earn special recognition through a variety of incentives or other promotions offered throughout the year. Only those Coaches exclusive to **OPTAVIA** as described above will have access to these benefits. In addition, if a Coach is involved as a representative, affiliate or distributed for any other Direct Selling Program, they must report same to **OPTAVIA** at compliance@OPTAVIA.com.
 - v. Upon termination of the Agreement and for twelve (12) calendar months after the termination of the Agreement, Coaches may not directly or indirectly sponsor Clients or other **OPTAVIA** Coaches, in another Direct Selling Program (Competing or Non-Competing). The term “sponsor” means the direct or indirect, actual or attempted, solicitation of another **OPTAVIA** Coach or Client to enroll or participate in another Direct Selling Program. For purposes of this section, “solicitation” includes any direct or indirect sponsorship, enrollment, encouragement, or effort to influence in any way. Coaches participating in another Non-Competing Direct Selling Program(s) must also comply with all other specific restrictions in this Non-Solicitation Section, which also includes Section 5.7.
- c. ***Specific Restrictions Regarding Use of OPTAVIA Social Media for Coaches and Former Coaches Promoting Competing Businesses or Non-Competing Direct Selling Programs:***
- i. During the Agreement, **OPTAVIA** Coaches who engage in either a Competing Business (which is permitted so long as the Competing Business is not also a Direct Selling Program) or a Non-Competing Direct Selling Program, must not, directly, indirectly or through a third party use any social media account (e.g., Facebook, Twitter, LinkedIn, YouTube, Pinterest, Instagram, etc.) that the Coach currently uses or has used in the past to promote or discuss **OPTAVIA**, its products, programs, services or the business opportunity (“**OPTAVIA** Social Media”), to promote a Competing Business or Non-Competing Direct Selling Program.
 - ii. During the Agreement, if a Coach is involved in a Competing Business or Non-Competing Direct Selling Program, the Coach must create a separate social media account to promote the Competing Business or Non-Competing Direct Selling Program. Coaches are also prohibited from “cross-posting” from their Competing Business or Non-Competing Direct Selling Program social media account on to the Coach’s **OPTAVIA** Social Media and vice versa.
 - iii. Upon termination of the agreement, and for twelve (12) calendar months after termination of the Agreement, former Coaches who engage in either a Competing or Non-Competing Direct Selling Program must not, directly, indirectly or through a third party,

use any **OPTAVIA** Social Media (as defined above) to promote either the Competing or Non-Competing Direct Selling Program, and must instead create a separate social media account to promote any such Competing or Non-Competing Direct Selling Program.

- d. ***Additional Restrictions on Coaches Promoting Other Businesses.*** Additional restrictions apply to **OPTAVIA** Coaches who engage in (i) a Competing Business, (ii) a Non-Competing Direct Selling Program, or (iii) a Non-Competing Business. Competing Businesses, Non-Competing Direct Selling Programs and Non-Competing Businesses will collectively be referred to herein as “Other Businesses.” Coaches who operate Other Businesses must not directly, indirectly or through a third party:
 - i. Promote the Other Business on any Coach “Team” social media page (pages that have been created by **OPTAVIA** Coaches to support their Coach Organization/Team or pages that have been created to support **OPTAVIA** Clients); an example of a Coach “Team” social media page would be a Facebook “Group Page” for a Team of independent **OPTAVIA** Coaches;
 - ii. Use his/her replicated **OPTAVIA** website to promote the Other Business;
 - iii. Use Confidential Information (as defined in Section 3.8) to promote the Other Business;
 - iv. Use “**OPTAVIA** CONNECT” resources, reporting or any other functionality, including, but not limited to, “**OPTAVIA** Share,” to promote the Other Business;
 - v. Mention or discuss “**OPTAVIA**,” or any of the Company’s trademarks (as partially outlined in Appendix J), along with the Other Business;
 - vi. Display **OPTAVIA** promotional material, sales aids, or products with or in the same location as any promotional material, sales aids, products or services of the Other Business, in a fashion that might in any way confuse or mislead a prospective Client or Coach, or member of the public into believing there is a relationship between **OPTAVIA** and the Other Business;
 - vii. Offer the **OPTAVIA** opportunity, products, programs or services to prospective or existing Clients or Coaches in conjunction with the opportunity, products, programs, or services of the Other Business;
 - viii. “Bundle” or combine the products, programs, or services of the Other Business for sale or advertisement with any **OPTAVIA** products, programs or services;
 - ix. Offer, discuss, or display any opportunity, products, programs, or services of the Other Business at or immediately after any **OPTAVIA**-related meeting, seminar, convention, webinar, teleconference, training or other function (“Event”), regardless of whether the Event is an **OPTAVIA** corporate-sponsored Event or an Event led by an independent **OPTAVIA** Coach.
- e. ***Complementary Fitness Businesses.*** Some fitness-related businesses that may be “complementary” to **OPTAVIA** could be deemed a Competing Business (e.g., a personal training business, gym or yoga studio, etc.) (“Complementary Business”). So long as the Coach complies with all other provisions under these Policies, including this Non-Solicitation Policy, Policy 3.10 (forbidding Coaches from carrying inventory for resale) and Policy 5.11 (forbidding Coaches from selling products in a Retail Outlet), etc., Coaches may offer the **OPTAVIA** opportunity, products, programs or services to prospective or existing customers of these Complementary Businesses. However, the Coach must not condition the sale or use of their Complementary Business services on the purchase of **OPTAVIA** products, including, but not limited to, offering discounted services to prospective or existing customers of their Complementary Business who purchase **OPTAVIA** products or vice versa. Additionally, while a Coach may generally promote their Complementary Business on their **OPTAVIA** social media, so long as they comply with 3.7.d i-ix above, they are prohibited from promoting competing products or services of the

Complimentary Business on their **OPTAVIA** Social Media. For example, Coaches are prohibited from promoting any nutrition plans, lifestyle or behavior modification plans, or competing products, including, but not limited to supplements on their **OPTAVIA** Social Media. All other provisions of this Policy 3.7 apply to Complementary Businesses.

- f. **Health Professional Practices.** A health professional practice could also be deemed a Competing Business. So long as those **OPTAVIA** Coaches, who also have a health professional practice (e.g., a chiropractic clinic, doctor's office, dietician, nutritionist etc.) ("Health Professional Practice") comply with all other provisions under these Policies, including this Non-Solicitation Policy, Policy 2.2 (general Policies governing Health Professional **OPTAVIA** Coaches), Policy 3.10 (forbidding Coaches from carrying inventory for resale) and Policy 5.11 (forbidding Coaches from selling products in a Retail Outlet), etc., these Coaches may offer the **OPTAVIA** income opportunity, products, programs or services to prospective or existing patients of their Health Professional Practices. However, the Coach must not condition the use of their Health Professional Practice on the purchase of **OPTAVIA** products, including, but not limited to, offering discounted services to prospective or existing patients or clients of their Health Professional Practice who purchase **OPTAVIA** products or vice versa. Additionally, while a Coach may generally promote their Health Professional Practice on their **OPTAVIA** social media, so long as they comply with 3.7. d i-ix above, they are prohibited from promoting competing products or services of the Health Professional Practice on their **OPTAVIA** Social Media. For example, Coaches are prohibited from promoting any nutrition plans, lifestyle or behavior modification plans, or competing products, including, but not limited to supplements on their **OPTAVIA** Social Media. All other provisions of this Policy 3.7 apply to Health Professional Practices.
- g. **Injunctive Relief.** **OPTAVIA** and the Coach agree that any violation of this Non-Solicitation Policy shall cause **OPTAVIA** irreparable harm for which there is no adequate remedy at law, and if emergency equitable relief is not granted to **OPTAVIA**, the injury to **OPTAVIA** shall outweigh the potential injury to the Coach. Therefore, **OPTAVIA** shall be entitled to seek emergency and permanent injunctive relief to prevent further violations of this Policy.

3.8 CONFIDENTIAL INFORMATION.

"Confidential Information" constitutes proprietary business trade secrets belonging exclusively to **OPTAVIA**, which **OPTAVIA** has invested considerable time, effort, and expense in developing and maintaining as confidential, and is provided to Coaches in strict confidence. Confidential Information shall not be directly or indirectly disclosed to any third party nor used for any purpose other than a Coach's use in building and managing his/her independent **OPTAVIA** business.

- a. **Definition of Confidential Information.** Confidential Information includes, but is not limited to, the identities, contact information, and/or sales information relating to **OPTAVIA**'s Coaches and/or Clients:
 - i. That is contained in or derived from any Coaches' respective Back-Office;
 - ii. That is derived from any reports issued by **OPTAVIA** to Coaches to assist them in operating and managing their **OPTAVIA** business; and/or
 - iii. To which a Coach would not have access or would not have acquired but for their affiliation with **OPTAVIA**.
- b. **Injunctive Relief.** **OPTAVIA** and the Coach agree that any violation of this Policy shall cause **OPTAVIA** irreparable harm for which there is no adequate remedy at law and if emergency equitable relief is not granted to **OPTAVIA**, the injury to **OPTAVIA** shall outweigh the potential injury to the Coach. Therefore, **OPTAVIA** shall be entitled to emergency and permanent injunctive relief to prevent further violations of this Policy.

- c. **Confidentiality of Personal Information.** In addition to the restrictions outlined in this Section 3.8, Coaches are also required to adhere to and comply with the confidentiality obligations outlined in the Policies and Guidelines for Handling Personal Information set out in Appendix E.

3.9 DATA PROTECTION AND PRIVACY.

While no current uniform federal law exists that governs data privacy, there are a variety of sector-specific laws and regulations, including several state laws, that govern the handling of an individual's personal information, i.e., information that identifies or permits one to contact an individual (such as their name, email address, phone number, address and so on). These laws are known as data protection laws. As an independent **OPTAVIA** Coach, you should ensure that your collection and use of personal information of other Coaches, Clients and Coach and Client candidates is in compliance with the data protection laws that apply to your business and seek legal advice if you are unsure of your responsibilities. In addition to the below requirements, Coaches are also required to adhere to and comply with the data protection obligations outlined in the Policies and Guidelines for Handling Personal Information for Independent **OPTAVIA** Coaches set out in Appendix E.

- a. **Payment Card Information.** Coaches must familiarize themselves with the Guidance on Handling Payment Card Information, attached as Appendix C and incorporated into this Agreement. Coaches who take payment card information are solely responsible to comply with the requirements imposed by the current version of the Payment Card Industry Data Security Standard ("PCI-DSS"). Coaches who receive personal information from or about prospective Coaches or Clients have the responsibility to maintain its security. Coaches should shred tangible materials or irreversibly delete from any electronic storage location the personal information of others once it is no longer needed. In addition, information regarding a Client's or **OPTAVIA** Coach's experience with Company products and/or programs cannot be revealed without his/her written permission; this includes use of personal testimonials.
- b. **Data Breach.** Coaches who suffer the loss, theft, or misuse of personal information are solely responsible for complying with all applicable laws for investigation and remediation, including but not limited to satisfaction of requirements to provide notice to individuals, consumer reporting agencies, and/or other required third parties.
- c. **Transfer of Data.** Coaches are prohibited from downloading, exporting, removing, or otherwise transferring files, lists, or any other Client or Coach data containing personal information from the Back-Office or another **OPTAVIA** system, database, or repository except as expressly authorized in writing by **OPTAVIA**. Please see Appendix E for additional guidance with respect to the handling of personal information.
- d. **Health Assessment Information.** Whether using a print copy of the Health Assessment form or using a customized electronic form to record the Health Assessment, Coaches are responsible for safeguarding all personal information received from current or prospective Clients and Coaches, whether that data is maintained in physical or electronic form. Therefore, in addition to ensuring that your collection of your Client's Health Assessment data is in compliance with Policy 3.9 and the Guidelines for Handling Personal Information, Coaches are responsible for assessing the risks of any platform they use to collect, store, and dispose of personal information.

3.10 PRODUCT INVENTORY.

Coaches may not carry an inventory of **OPTAVIA** products for resale (including but not limited to resale to other Coaches). All products are direct-shipped from the Company to the buyer. Coaches should not purchase more products in a month than they and/or their Household family members can reasonably expect to consume during the month. Coaches must not influence or attempt to influence any other Coach to buy more products than they or their Household family members can reasonably use during the month.

3.11 COMPENSATION PLAN MANIPULATION.

Compensation plan manipulation, sometimes referred to as rank-buying or bonus-buying (“Compensation Plan Manipulation”) is strictly prohibited. Compensation Plan Manipulation includes, but is not limited to the following:

- a. Enrolling an individual as a Client or Coach without the permission and/or knowledge of such individual;
- b. Enrollment or attempted enrollment of nonexistent individuals or entities as Clients or Coaches;
- c. Purchasing products under another Client’s or Coach’s account;
- d. Using Wellness Credits in excess of 50% of a Client’s order;
- e. Enrolling and purchasing products for a Household family member under another Coach (please see Policy 3.13 for proper ordering practices for Household family members);
- f. Incentivizing a Coach to cancel his/her Coach business, via financial and/or other non-monetary rewards or benefits, to qualify for rank advancement or maintenance, incentives, prizes, commissions, or bonuses; or
- g. Any other mechanism or artifice to qualify for rank advancement or maintenance, incentives, prizes, commissions, or bonuses that are not driven by bona fide product purchases by end-user consumers for actual use.

If Compensation Plan Manipulation occurs in a Coach’s downline organization, which is unknown to the upline Coach(es), but the Compensation Plan Manipulation contributed to the upline Coach’s/Coaches’ rank, bonuses or commissions, the Compensation Plan Manipulation will be disregarded and removed and the upline’s rank and commissions, including bonuses, will be recalculated, but the unknowing upline Coach(es) will not face any disciplinary action. While the upline Coach(es) who had no direct part in the Compensation Plan Manipulation will not face disciplinary proceedings, the other Coach(es) who directly engaged in the Compensation Plan Manipulation will face disciplinary action.

3.12 MINOR CLIENTS

The **OPTAVIA** Program should not be used by individuals under the age of 13. **OPTAVIA** does offer specialized plans for teen boys and girls between the ages of 13 to 18 years, as teens have unique nutritional needs required for optimal growth and wellbeing. Coaches should work with their Client’s healthcare provider to select which plan option is better suited for their Client based on their Body Mass Index (BMI) percentile. For more guidance on our Plans for Teens, please see Client Answers. When placing orders for a minor Client, i.e., individuals under the age of 18, please note that certain laws prohibit the collection of personal information of minors. As a result, when onboarding a Client who is under the age of 18, the Client’s order should be placed in the name of the minor’s parent or legal guardian. Coaches should ensure that their collection of any information regarding a minor Client comports with our Policies on Data Protection and Privacy.

3.13 PURCHASES FOR HOUSEHOLD FAMILY MEMBERS.

While Coaches are generally prohibited from using their personal credit card to purchase orders for a Client, **OPTAVIA** makes an exception to this Policy to permit Coaches to use their personal credit to purchase products for Household (as defined in Policy 2.5) family members, subject to the following limitations. If a Household member is under the age of 18, they may not have their own personal Client account. Orders for Household family members under the age of 18 must be placed under the parent Coach’s account, per Policy 3.12. Household members over the age of 18 may have their own Client account, so long as the account is on the frontline of the purchasing Coach. Coaches may not place orders for Household family members under downline Coaches. Placing orders for Household family members under downline Coaches is considered Compensation Plan Manipulation under Policy 3.11.

3.14 ACCURATE CLIENT ACCOUNT INFORMATION

If assisting a Client with placing an order, Coaches must ensure that the Client's contact information, including the name, phone number, billing and shipping address is accurate. Accurate Client account information is critical for the Company to maintain for record keeping purposes, in case of potential product recall, etc. Under no circumstances may a Coach substitute their personal contact information for that of a Client. Providing inaccurate Client information to the Company may subject the Coach to potential disciplinary action.

3.15 WELLNESS CREDITS.

The Company provides a means whereby Coaches can provide rewards, gifts, or incentives to another Coach or Client; this mechanism is called "Wellness Credits." Purchases of Wellness Credits are non-commissionable. Any purchases of Wellness Credits that the Company deems were made by a Coach in order to manipulate rank or the **OPTAVIA** Integrated Compensation Plan are strictly forbidden, please see Policy 3.11. Wellness Credits act as a method of payment on a Coach's or Client's next order. Coaches are not required to purchase Wellness Credits to participate in the **OPTAVIA** business opportunity and Coaches are encouraged to limit the purchase of Wellness Credits to a reasonable amount so that their business expenses do not outweigh their potential income with **OPTAVIA**. Should the Company determine, in its sole discretion, that a Coach is purchasing an unreasonable amount of Wellness Credits or is using Wellness Credits in violation of these Policies, the Company may take action to prohibit or limit a Coach's purchase of Wellness Credits. An unreasonable amount is not easily defined, as it would vary depending on the Coach's rank and corresponding commissions. Therefore, if necessary, the Company will determine whether the purchase of Wellness Credits is unreasonable on a case-by-case basis. In addition, Wellness Credits may only be applied on up to 50%, or half of a Client's or Coach's order of products (e.g., if a Coach gifts \$50.00 in Wellness Credits to a Client, that Client would only be able to apply the Wellness Credits to an order in the amount of \$100.00 or more). Using Wellness Credits in excess of 50% of a Client's order is considered Compensation Plan Manipulation. Wellness Credits are a gift, and can only be redeemed by the recipient Client/Coach through placing an order. Once given, Wellness Credits belong to the Client or Coach who receives them, unless and until those Wellness Credits expire, in which case they will revert back to the Coach who gifted the Wellness Credit(s). The following are acceptable uses of Wellness Credits:

- a. Thank-you gift from a Coach to a Client for a referral or lead;
- b. Thank-you gift from a Coach to a Client for hosting an event (e.g., weigh-in, meeting, or tasting);
- c. Congratulatory gift from a Coach to a Client for meeting a goal or milestone;
- d. Gift for a Client who cannot afford the full cost of the program;
- e. Holiday/birthday gift for a Client or Coach;
- f. Encouragement gift to a Client or Coach to start or stay on plan;
- g. Reparation from a Coach to a Client for an order mishap (e.g., shipment delay);
- h. Reward for team incentive contests/challenges from Business Coach/Business Leader to team members.

3.16 PAYMENT & CREDIT CARD USAGE.

If a credit/debit card or other payment instrument is used to pay for products, it must be the credit/debit card or other payment instrument of the individual who is ordering the product for their personal and/or family use. Coaches may not use another Coach's or Client's credit/debit card, or other payment instrument to place an order, nor may a Coach use his/her own credit/debit card or other payment instrument to place an order on behalf of another Coach or Client. Use of a Coach's own credit/debit card or other payment instrument to place an order is considered Compensation Plan Manipulation.

Coaches may not accept cash from Clients to place an order. The Company does not accept cash. Coaches facilitate Client orders either through their replicated **OPTAVIA** websites, or through assisting the Client with placing telephone orders. A Client may, at times, seek your help in creating an account or placing an order. During this process, the Client may trust you with their card information. Coaches must ensure they are following the Guidance on Handling Payment Card Information (per Appendix C). Generally speaking, however, Coaches should not place the orders for the Clients themselves. All other forms of sales or orders are prohibited.

3.17 ACTIONS OF AFFILIATED PARTIES & HOUSEHOLD MEMBERS.

The term “Affiliated Party” shall mean any individual, partnership, trust, limited liability company, or other entity that has an equitable or ownership interest in, or management responsibility for, a Business Entity. The term “Business Entity” shall mean any corporation, partnership, limited liability company, trust or other entity that owns or operates an independent **OPTAVIA** Coach business. A Business Entity and each Affiliated Party must comply with the Agreement. If a Business Entity and/or any Affiliated Party violate the Agreement, **OPTAVIA** may take disciplinary action against the Business Entity and/or against any or all of the Affiliated Parties. In addition, if a Household (as defined in Policy 2.5) family member of a Coach engages in conduct that would be a violation of the Agreement, the conduct of the Household family member may be imputed to the Coach (i.e., the Coach may be held responsible for the conduct of the Household family member).

3.18 NEGATIVE COMMENTS.

Complaints and concerns about **OPTAVIA** should be directed to the Coach Support Team. Coaches must not disparage, demean, or make negative remarks to third parties or other Coaches or Clients about **OPTAVIA**, its owners, officers, directors, management or employees, other Coaches or Clients or the Integrated Compensation Plan. Violation of this Policy may subject the Coach to potential disciplinary action, up to and including termination. A Coach’s obligations under this provision survive the termination of the Agreement.

3.19 REPORTING POLICY VIOLATIONS.

One of our Company’s most valuable assets is its integrity. Therefore, the Company takes protecting this asset very seriously. To that end, we have established a Procedure whereby Coaches who observe Policy violations in the field should report the situation to the Company. The Company will review, research and handle these matters as the Company deems appropriate. See the **OPTAVIA** Procedures for Details on how to Report Policy Violations.

3.20 ADJUSTMENTS TO BONUSES & COMMISSIONS.

If a product is returned to **OPTAVIA** for a refund, whether or not a credit card chargeback occurs, the compensation attributable to the returned product(s) will be recovered by the Company from the Coach.

3.21 RETURN OF PRODUCTS, BUSINESS KITS & BUSINESS SUPPORT MATERIALS UPON CANCELLATION OR TERMINATION.

Upon voluntary cancellation or termination of an Independent **OPTAVIA** Coach Agreement, the Coach may return their Business Kit and any Company-produced Business Support Materials that he or she personally purchased from **OPTAVIA** within twelve (12) months from the Coach’s date of purchase (the one year limitation shall not apply to residents of Maryland, Massachusetts, Wyoming and Puerto Rico) so long as the goods are in currently marketable condition. Any Business Support Materials that are produced by a third party, i.e. non-Company produced, shall not be subject to this return Policy (please note, all products sold at www.OPTAVIAGEAR.com are produced by a third party). In addition, residents of Georgia, Idaho, Louisiana, Maryland, Montana, Massachusetts, Oklahoma, Texas, Wyoming, and Puerto Rico may return any products that they purchased from the Company within one (1) year prior to the date of their cancellation so long as the products are in currently marketable condition. Upon the Company’s receipt of returned goods and/or Business Support Materials and confirmation that they are in currently

marketable condition, the Coach will be reimbursed 90% of the net cost of the original purchase price(s). Shipping and handling charges will not be refunded. If the purchases were made through a credit card, the refund will be credited back to the same account. Goods are in “currently marketable condition” if they are unopened and unused and packaging and labeling has not been altered or damaged. Merchandise that is clearly identified at the time of sale as nonreturnable, closeout, discontinued, or as a seasonal item, is not in currently marketable condition. The merchandise must be returned within thirty (30) days from the date of the Coach’s cancellation/termination. See the **OPTAVIA** Procedures for Return Details Upon Cancellation or Termination of an **OPTAVIA** Coach Business.

3.22 ORDER RETURNS & REFUNDS.

Federal and state law requires that Coaches notify their Clients that they have three (3) business days (five (5) business days for Alaska residents, fifteen (15) days for residents of North Dakota over the age of 65; Saturday is a business day, Sundays and legal holidays are not business days) within which to cancel their purchase and receive a full refund upon return of the products in substantially as good condition as when they were delivered. Coaches shall verbally inform their Clients of this right. Different satisfaction guarantee policies apply to different products and are specified on the packing slip of each order along with return instructions. **OPTAVIA**’s return and refund policies vary between products and are published on **OPTAVIA**’s corporate website. See the **OPTAVIA** Procedures for Details on Order Returns and Refunds.

3.23 DISCIPLINARY SANCTIONS.

Violation of the Agreement, any material misrepresentation of the Agreement, any illegal, fraudulent, deceptive or unethical business conduct, or any act or omission by a Coach that the Company reasonably believes may damage its reputation or goodwill, or which results in or is designed to manipulate the Integrated Compensation Plan or any incentive offered by the Company, may result in the suspension or termination of the Coach’s **OPTAVIA** business, and/or any other measure that **OPTAVIA** deems appropriate to address the misconduct, including, but not limited to the following:

- a. Issuance of a written warning;
- b. Requirement of the Coach to take immediate corrective action;
- c. Clawing back commissions;
- d. Imposition of a fine, which may be withheld from commissions;
- e. Restriction of Back-Office access;
- f. Loss of rights to one or more bonus and commission checks;
- g. Withholding of all or part of any bonuses and commissions during the investigation period (if a Coach’s Agreement is canceled for disciplinary reasons, the Coach will not be entitled to recover any commissions or bonuses withheld during the investigation period);
- h. Suspension of the Coach’s business with loss of earnings;
- i. Reassignment of Clients or Coaches to another Coach;
- j. Termination of the Coach’s business;
- k. Equitable resolution by any other measure the Company deems appropriate to resolve the injuries caused by the Coach’s violation or contractual breach.

In situations deemed appropriate by **OPTAVIA**, the Company may institute legal proceedings for monetary and/or equitable relief. Upon imposition of a disciplinary sanction(s), the Company shall immediately notify the Coach via the e-mail that the Coach has on file with the Company. The Company will also notify the Coach’s sponsor and other members of the Coach’s upline of the disciplinary sanctions, as the Company deems appropriate. Individuals or Business Entities terminated for disciplinary reasons may not re-enroll as a Coach. See the **OPTAVIA** Procedures for Details on Appealing Disciplinary Sanctions.

3.24 CANCELLATION OF AN **OPTAVIA** COACH BUSINESS.

"Cancellation" of a Coach's **OPTAVIA** business means the discontinuation of a Coach's **OPTAVIA** business for any reason, whether the cancellation is voluntary (via resignation or non-renewal) or involuntary (termination or otherwise). A Coach whose **OPTAVIA** business is canceled for any reason will lose all Coach rights, benefits, monetary compensation and privileges, including loss of his/her downline organization which will roll-up to the Coach's Sponsor. Per Policy 3.11, the Company considers the act of incentivizing a Coach to cancel his/her Coach business (via monetary and/or non-monetary rewards or benefits) in order to qualify for rank advancement or maintenance, incentives, prizes, commissions, or bonuses to be Compensation Plan Manipulation. In order to protect the integrity of the Compensation Plan, the Company reserves the right to investigate all voluntary cancellations to ensure that the cancellation was bona fide and not intended to manipulate the Integrated Compensation Plan. In the event that the Company's investigation determines that the cancellation was due to Compensation Plan Manipulation, the Coach business in question will not roll-up and the Company will preserve the Coach account in its same position, in perpetuity, to preserve the integrity of the Compensation Plan. The Company further reserves the right to pursue any and all remedies available under this Agreement and to issue disciplinary action against the Coach(es) who participated in the Compensation Plan Manipulation. See the **OPTAVIA** Procedures for Details on Cancellation of an **OPTAVIA** Coach Business.

3.25 BUSINESS ROLL-UP.

If a Coach's **OPTAVIA** business is canceled for any reason (including termination), the Coach's downline organization, including personally sponsored Coaches and Clients, will "roll-up" to the Coach's Sponsor/Business Coach (unless the Company determines that Compensation Plan Manipulation has taken place, per Policy 3.24).

3.26. RE-ENROLLMENT.

A Coach who has voluntarily cancelled their Coach business, through resignation or non-renewal may re-enroll as a Coach by purchasing a Business Kit, subject to the following timelines: (a) within six (6) months after voluntary cancellation, the Coach must re-enroll under their former Sponsor or, (b) if a Coach wishes to re-enroll more than six (6) months after the their voluntary cancellation date, they may re-enroll under the Sponsor of their choice.

3.27 BUSINESS ENTITIES.

- a. **Enrolling as a Business Entity.** A Business Entity (e.g. limited liability company, corporation, partnership, etc.) may wish to enroll as an **OPTAVIA** Coach. A Business Entity may apply to become an **OPTAVIA** Coach by completing, signing, and returning a Business Entity Addendum, signed by all the participants in the Business Entity and purchasing a Business Kit, as well as complying with any other applicable legal requirements. All members of the Business Entity are required to comply with the terms of the Agreement. See the **OPTAVIA** Procedures for Details on Enrolling as a Business Entity.
- b. **Changing to a Business Entity.** A Coach who enrolled as an individual may wish to transfer his/her account to a Business Entity for the purpose of operating their business. If the Coach wishes to change their form of business from a sole proprietorship to a Business Entity, he/she may do so at any time. The individual must complete, sign and return a Business Entity Addendum to the Company, as well as comply with any other applicable legal requirements.
- c. **Business Entity Commissions.** All commissions and/or bonuses earned by the Business Entity will be issued in the name of the Business Entity. The Company will not have any liability to the Coach if the Business Entity or any participant in the Business Entity fails to allocate and pay any portion of any bonuses or commissions received by the Business Entity among the multiple participants in the Entity, or for any incorrect allocation and/or payment.
- d. **Primary Participant.** One member of the Business Entity will be designated as the "Primary Participant" and the Company may rely and act on any information provided by the

Primary Participant.

- e. ***Dissolution of a Business Entity.*** In cases in which owners of a Business Entity elect to dissolve the Business Entity, and one of the owners advises the Company in writing that they are dissolving the Business Entity, the Coach who is listed as the Primary Participant on the account shall be responsible for fulfilling the obligations of the Business Entity until the Business Entity is fully dissolved and a formal dissolution agreement between the parties is reached that determines the disposition of the Business Entity. While the dissolution is proceeding, no owner may make changes to the business (e.g., change the payee, change the name of the business, etc.) until a formal dissolution agreement concerning the Business Entity is finalized and the Company is notified accordingly by the Primary Participant. Upon completion of the dissolution and/or the completion of **OPTAVIA**'s Business Transfer Procedures, the Business Entity shall be transferred to the individual who receives the Business Entity pursuant to the dissolution agreement (or court order if the dissolution is contested). Please note that **OPTAVIA** is unable to split a Business Entity in two, or to divide a commission between multiple parties. Therefore, if the owners or former owners enter into an agreement, or are ordered by a court, whereupon it is incumbent on **OPTAVIA** to split the commission or divide the Business Entity, the business shall be cancelled.

3.28 BUSINESS TRANSFER (SALE OF AN **OPTAVIA** COACH BUSINESS).

Coaches who have been paid at the rank of National Director or higher for six (6) of the preceding twelve (12) months may sell or transfer their business subject to obtaining **OPTAVIA**'s prior written approval by the Company's Policy Committee. It is within **OPTAVIA**'s sole discretion whether to allow a business transfer or sale, but such authorization shall not be unreasonably withheld. However, no business that is on disciplinary probation, suspension, or under disciplinary investigation may be sold or transferred unless and until the disciplinary matter is resolved. A Coach wishing to sell or transfer his/her business ("Seller") must first give notice of their intention to sell or transfer the business to the Company and the Company has the right of first refusal to purchase said business, at the same terms/conditions and sale price as that offered to other eligible purchasers. The Company shall have seven (7) business days within which to exercise its right of first refusal. If the Company declines to purchase the business within such time, the Seller may then offer to sell or transfer the business to other parties eligible to purchase. If the business is sold or transferred to an existing Coach, the buying Coach ("Purchaser") must be at the rank of National Director or higher, for six (6) of the preceding twelve (12) months. The purchased Coach business will be operated as a second business and remain in its current position in the line of sponsorship, if the purchaser is already a Coach with **OPTAVIA**. Mergers of **OPTAVIA** Coach businesses are not permitted. Coaches are prohibited from using a business transfer/sale to manipulate the Integrated Compensation Plan or any other incentive offered by the Company. From time to time, the Company may elect to purchase a Coach business at its sole discretion, in which case, the Company may allow the business to "compress" or "roll-up" or the Company may continue to allow the business to operate and remain in its current position in the line of sponsorship. If a Coach who has sold their business wishes to re-enroll as a Coach, they may only do so after sitting out of the business for six (6) months, after which time they may re-enroll under the sponsor of their choice, however, they are strictly prohibited from soliciting the former Clients and/or Coaches of their former organization. See the **OPTAVIA** Procedures for Details on Business Transfers/Sales.

3.29 BUSINESS TRANSFER UPON DEATH.

A Coach may devise his/her business to his/her heirs via a will or other testamentary instrument. A Coach shall not use, or attempt to use a testamentary transfer as a means to circumvent the Business Transfer Policy (Policy 3.28). If the Company believes that a testamentary transfer is being used as a device to circumvent the Business Transfer Policy, the transfer shall be handled pursuant to the Business Transfer Policy and the corresponding Procedures. Unless a testamentary instrument says otherwise, upon the death of a Coach, the rights and responsibilities of the Coach business remain with the Spouse, if said Spouse is a Co-applicant. If a Spouse does not exist, the rights and responsibilities are passed

on to the rightful heir(s), trustee(s), guardian(s) or conservator(s). The heir(s), trustee(s), guardian(s) or conservator(s) shall be required to contact the Company in writing and shall be bound by the terms and conditions of the Agreement. In the case of a Coach who dies intestate (without a will), **OPTAVIA** will deem the Coach business nontransferable if it is not contacted by an authorized representative of the Coach's estate or the heirs, devisees, successor trustees, personal representative, or executor of the decedent within ninety (90) days of the Company being notified of the Coach's death. After ninety (90) days has elapsed, the Company will roll-up the deceased Coach's business. See the **OPTAVIA** Procedures for Details on Business Transfers upon Death.

3.30 BUSINESS DISTRIBUTION UPON DIVORCE.

In cases in which a couple that jointly operates an **OPTAVIA** Coach business divorce, and one of the Spouses advises the Company in writing that they have filed for divorce, the Coach who is listed as the "Primary" on the account shall be responsible for fulfilling the obligations of the business until a divorce decree or order is entered and a court order rules on the disposition of the business (or the parties reach an agreement concerning the disposition of the business, as documented in writing, signed by both parties and notarized by a notary public). Neither party may make changes to the business (e.g., change the payee, change bank account information, change the name of the business, etc.) until a final divorce decree/order is entered (or the parties reach an agreement concerning the disposition of the business, as documented in writing, signed by both parties and notarized by a notary public). Upon entry of the divorce decree/order or reaching an agreement in writing (and the divorce decree/order being provided to the Company), the business shall be transferred to the individual ordered by the court or as agreed to in writing by the parties. Please note that **OPTAVIA** is unable to split a business in two, or to divide a commission between two parties. Therefore, if the Spouses or former Spouses enter into an agreement, or are ordered by a court to split the commission or divide the business, the business shall be cancelled. The Spouse not assuming the **OPTAVIA** Coach business may enroll as a new Coach immediately under the Sponsor of his or her choice. See the **OPTAVIA** Procedures for Details on Business Transfers upon Divorce.

3.31 INTERNATIONAL ACTIVITIES.

Coaches are only authorized to promote Company products and programs, conduct events or trainings, and enroll Clients or Coaches in countries that it has officially announced are opened for its Direct Selling operations. Coaches may not conduct advertising, sponsoring, or business activities of any nature in any foreign country that the Company has not announced is officially opened for its Direct Selling business. Company products cannot be shipped into or sold in any other country or to anyone in a country where **OPTAVIA** is not currently opened for business.

SECTION 4 - SPONSORING

4.1 BUSINESS OPPORTUNITY.

OPTAVIA Coaches have the opportunity to grow their businesses beyond acquiring and supporting Clients by building an organization of Coaches. To do so, **OPTAVIA** Coaches can sponsor other individuals as Coaches and, if desired, help them do the same.

4.2 BECOMING A SPONSOR.

Sponsorship opportunities are available to all Coaches; however, Coaches may only sponsor individuals or Business Entities who are residents of the United States, U.S. Territories or U.S. service members and their families at verified APO and FPO military addresses. Sponsoring is only permitted where the Company has officially announced it is open for business. See the **OPTAVIA** Procedures for Details on Sponsoring.

4.3 SPONSOR BUSINESS RESPONSIBILITIES.

Sponsoring Coaches must use their best efforts to provide, on an ongoing basis, bona fide mentoring and training of sponsored Coaches and the Coaches within their organization. Coaches must maintain

ongoing contact, communication, and mentoring within their organization. Examples of such mentoring and training may include, but are not limited to:

- a. Providing ongoing contact, communication, encouragement, and support of personally sponsored Coaches and those within their downline organization;
- b. Product, program, and coaching training;
- c. Encouragement and support;
- d. Written correspondence;
- e. Personal and/or virtual meetings;
- f. Telephone contact, voice mail, and/or e-mail;
- g. Accompanying individuals to the Company and/or field training sessions and meetings;
- h. Assisting Coaches to set goals and create business strategies, etc.

4.4 **OPTAVIA** LEADS POOL.

The Company makes significant investments in various marketing activities to attract new Client candidates ("Lead(s)") to the **OPTAVIA** Community. These Leads will be distributed among Coaches who currently meet the published qualifications set out by the Company which may change from time to time, at its sole discretion. For additional information concerning the Leads Pool and qualifications regarding same, please visit Coach Answers [here](#). The Company does not guarantee that a Coach will be assigned Leads under its Leads Pool program, regardless if you meet all of the qualifications. The following Policies apply to the Leads Pool:

- a. **Leads Pool Eligibility:** In order to receive a Lead, a Coach must meet certain qualifications established by the Company, as outlined on Coach Answers. A Coach's eligibility to receive a Lead is based on the Coach achieving the qualifications during the prior Monthly Bonus Period. If a Coach meets the Leads Pool qualifications during a Monthly Bonus Period, they will enter the Leads Pool the following Monthly Bonus Period.
- b. **Leads Pool Commissions:**
 - i. **Company-Acquired and Company-Converted Leads:** New Clients that visit the Company's website, click on "Coach to be assigned" during the checkout process and go on to create a Client account, will be considered a "Company-Acquired" Lead. Once a Company-Acquired Lead enters the Leads Pool, the Company will hold off on notifying a Leads Pool qualified Coach for 60 minutes. During this 60 minute window, if the Lead makes a purchase they will be considered "Company-Converted." For Company-Acquired and Company-Converted Leads, the Coach will receive 0% Compensation Volume ("CV"), the Lead will not count towards any Bonuses (i.e., the Coach Accelerator Bonus ("CAB"), the Accelerator Assist Bonus, Client Support Bonus+ ("CSB+")), any other incentives offered by the Company or for Leads Pool qualifications. However, the Coach will receive 100% of the Qualifying Volume (QV) for the Company-Acquired and Company-Converted Lead's order and this Lead will also count as an Ordering Entity.
 - ii. **Company-Acquired and Coach-Converted Leads:** If a Company-Acquired Lead makes a purchase after the 60-minute window once entered into the Leads Pool, they will be considered "Coach-Converted." For Company-Acquired and Coach-Converted Leads, the Coach will receive 50% Compensation Volume ("CV"), the Lead will also count towards Bonuses (i.e., the Coach Accelerator Bonus ("CAB"), the Accelerator Assist Bonus, Client Support Bonus+ ("CSB+")), any other incentives offered by the Company and for Leads Pool qualifications. The Coach will also receive 100% of the Qualifying Volume (QV) for the Company-Acquired and Coach-Converted Lead's order and the Lead will count as an Ordering Entity.

- iii. Leads Pool Recovery:* Any issues or discrepancies related to the **OPTAVIA** Lead program should be reported to the Company immediately. Please note that the Company's decision regarding commissions pertaining to the Lead will be final.

4.5 PROTECTING THE LINE OF SPONSORSHIP.

OPTAVIA is a business built upon the creation of relationships with Clients and other Coaches. Therefore, once a Coach is sponsored, in order to preserve the line of sponsorship and safeguard the hard work of all Coaches, with the exception of permitting a Coach to change sponsors within their first thirty (30) days of enrollment, **OPTAVIA** does not allow Coaches to change sponsors.

- a. ***Sponsor Changes within 30 Days of Enrollment.*** **OPTAVIA** does understand that there may be errors or other circumstances in the first 30 days of a Coach's enrollment where a change of sponsors may be warranted. As an accommodation, during a Coach's first 30 days only, a one-time transfer will be granted upon Company review and approval, however, approval is at the Company's sole discretion. In no way should this Policy be interpreted by a newly sponsored Coach as an opportunity to shop around within his/her first thirty (30) days for a different Sponsor, especially if their original Sponsor is reasonably fulfilling the role of Sponsor.
- b. ***Cancellation of an OPTAVIA Business.*** A Coach can voluntarily cancel or resign from their **OPTAVIA** business and if they remain inactive for six (6) full consecutive calendar months, following the six (6) calendar month period of inactivity, the former Coach may re-enroll under a new Sponsor of their choice. This requires the purchase of a new Business Kit. However, please note that:
 - i. The Coach will lose all rights to their former downline organization upon their cancellation and all rights to revenue produced through sales from their former organization;
 - ii. The Coach may not promote Company products, programs, earn compensation, or attend events or trainings during the six-month inactivity period;
 - iii. The Coach's Household family members, (e.g., Spouses, common law or domestic partners, and dependent children of one or both Spouses or domestic partners), are not permitted to enroll a business under a new sponsor during the six (6) month period;
 - iv. The Coach may not attempt to engage in any other actions that could be deemed, at the sole discretion of the Company, as an attempt to potentially circumvent this Policy; and
 - v. Once re-enrolled, the Coach is not permitted to solicit former Clients or induce Coaches or Clients from its former organization to change lines of sponsorship.
 1. Coaches who fail to comply with the foregoing for the full six (6) calendar months may be required to sit out an additional six (6) months or may be prohibited from re-enrolling as a Coach with the Company.
- c. ***Waiver of Claims.*** If a Coach improperly changes their Sponsor, **OPTAVIA** reserves the sole and exclusive right to determine the final disposition of the downline organization and any potential commissions that may have been earned, by the Coach in his/her second line of sponsorship. COACHES WAIVE ANY AND ALL CLAIMS AGAINST **OPTAVIA**, ITS OFFICERS, DIRECTORS, OWNERS, EMPLOYEES, AND AGENTS THAT RELATE TO OR ARISE FROM **OPTAVIA**'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION OR COMMISSIONS EARNED BY A COACH WHO HAS IMPROPERLY CHANGED THEIR SPONSOR.

4.6 CLIENT TRANSFERS.

Clients are free to choose the Coach they wish to do business with. If a Client wishes to change Coaches, he or she may do so. In addition, while a Client is free to choose the Coach they wish to do

business with, a Coach may feel transferring their Client to a new Coach would best serve the Client (e.g. in the case of an inactive Client), if a Coach wishes to transfer their Client, after obtaining the Client's consent, the Coach may submit the change request on behalf of their Client. Client Transfers may not be used to circumvent any of the Policies outlined herein or to otherwise manipulate the Integrated Compensation Plan or any incentive offered by the Company. Client Transfer Requests may be reviewed by the Company's Compliance Department for approval and the Company reserves the right to decline any requests for Client Transfers at its sole and absolute discretion. See the **OPTAVIA** Procedures for Details on Client Transfers.

4.7 BULK CLIENT TRANSFERS.

OPTAVIA understands that, from time to time, a Coach may wish to transfer large numbers of frontline entities (inactive Clients, leads, etc.) to another downline Coach for ongoing support and service (hereinafter called "Bulk Client Transfers"). In order to better serve these frontline entities, **OPTAVIA** provides a process by which the Coach may transfer these frontline entities for an administrative fee proportional to the number of Clients to be transferred. However, please keep in mind that Clients always have the right to select their own Coach. In addition, Bulk Client Transfers may not be used to circumvent any of the Policies outlined herein or to otherwise manipulate the Integrated Compensation Plan or any incentive offered by the Company. Bulk Client Transfer Requests may be reviewed by the Company's Compliance Department for approval and the Company reserves the right to decline any requests for Bulk Client Transfers at its sole and absolute discretion. See the **OPTAVIA** Procedures for Details on Bulk Client Transfers.

4.8 CROSS-LINE COACH OR CLIENT SOLICITATION.

Coaches shall not directly or indirectly solicit, encourage, or induce a Coach in another Coach's downline to change lines of sponsorship, nor should a Coach directly or indirectly solicit a Client in another Coach's downline. Violation of this Policy will subject the Coach to potential disciplinary action, up to and including termination.

SECTION 5 - ADVERTISING

5.1 GENERAL ADVERTISING DUTIES

Independent **OPTAVIA** Coaches must never engage in deceptive, fraudulent, or illegal activity in conjunction with their independent **OPTAVIA** business or make any false or deceptive claims about **OPTAVIA**'s products, plans or the Coaching opportunity. Coaches must familiarize themselves with all Company Policies and formal literature regarding the Company's products, plans and guidance around testimonials and claims to ensure they are in compliance.

5.2 IDENTIFYING YOURSELF AS AN INDEPENDENT **OPTAVIA** COACH

Per the [FTC's Endorsement Guides](#), Coaches must conspicuously identify themselves as an "Independent **OPTAVIA** Coach" or an "independent Coach with **OPTAVIA**" in all advertising, telephone directory listings, promotional material, social media postings, and other forums in which they promote **OPTAVIA**'s products, programs, services and/or the **OPTAVIA** business opportunity (Certified Coaches may include the term "Independent Certified **OPTAVIA** Coach" when identifying themselves, if they have passed the required certification exam).

5.3 BUSINESS SUPPORT TOOLS & MATERIALS.

- a. ***Definition of Business Support Tools & Materials.*** Business Support Tools and Materials (hereinafter, "Business Support Materials") includes any and all electronic, printed, audio or video presentations, business building systems, materials and/or tools that a Coach uses to build an **OPTAVIA** business, promote and/or advertise the offer or sale of **OPTAVIA** products, programs, services or the business opportunity. Some examples of Business Support Materials may include, but are not limited to: flyer's, posters, videos, PowerPoint presentations, mobile applications, websites, business cards, books, and other tools etc.

- b. **Use of Business Support Materials.** Subject to the exception under Policy 5.4, Coaches are only permitted to use Business Support Materials that have been produced and/or distributed by the Company for the building of their business, promoting and/or advertising **OPTAVIA** products, programs, services and the business opportunity ("Company-Produced Business Support Materials"). Coaches may not create, prepare or use their own Business Support Materials.

5.4 COACH-CREATED BUSINESS SUPPORT MATERIALS.

While the Company endeavors to produce and distribute all the Business Support Materials a Coach may need to promote his/her business, the Company recognizes that there may be unique events or opportunities for which the Company does not have specific Business Support Materials prepared. Therefore, a Coach may wish to create certain Business Support Materials which contain the Company's protected trademarks for an event, meeting or other opportunity to advertise his/her business. Business Support Materials created by Coaches ("Coach-Created Business Support Materials") must be limited to flyer's, pamphlets, banners, and other printed materials. Coaches must submit all Coach-Created Business Support Materials they create to the Company for its prior review and written approval before use by submitting via the Company's advertising request form. The Company has the sole discretion of whether to approve such Coach-Created Business Support Materials. The Company reserves the right to rescind the approval of any Coach-Created Business Support Materials at its discretion, and COACHES WAIVE ANY CLAIM FOR DAMAGES OR REMUNERATION FOR ANY LOSSES THAT THEY MAY INCUR RESULTING FROM OR RELATING TO THE COMPANY'S DECISION TO RESCIND ITS PRIOR APPROVAL. See the **OPTAVIA** Procedures for Details on Submitting Permitted Advertising Materials and Tools to the Company for Approval.

5.5 INTERACTION WITH THE MEDIA.

In order to protect the **OPTAVIA** brand and to ensure a consistent message, **OPTAVIA** has determined that it is in the best interest of all Coaches to have designated company spokespersons handle all communications with the Media, except as otherwise allowed by these Policies. Accordingly, unless Coaches receive prior written consent from the Company, Coaches are not permitted to contact, solicit, respond to, interview with, or otherwise communicate with the Media about **OPTAVIA**, its products, programs, services, the business opportunity, their experience with **OPTAVIA**, or anything else relating to **OPTAVIA**, even if **OPTAVIA** is not mentioned by name. It is a violation of this Policy to provide any information to the Media without prior written approval from **OPTAVIA**, regardless of whether the information is positive or negative, accurate or inaccurate. "Media" is defined broadly to include, but is not limited to, all traditional news outlets, television, podcasts, radio shows, print media, as well as all internet-based journalistic communications, which may include blogs, forums, and bulletin boards relating to journalistic news or similar outlets. If the Media contacts a Coach, he or she must notify the Company and receive written authorization to speak to the Media BEFORE discussing **OPTAVIA** products, programs, services, the business opportunity, etc. with the Media. If appropriate, the Company shall appoint an authorized representative to serve as a spokesperson to the Media. Coaches who receive written authorization from the Company to interact with the Media shall also work with the Company to ensure that **OPTAVIA**'s products, programs and services are accurately presented to the Media. See the **OPTAVIA** Procedures for Details on Interaction with the Media.

5.6 PROHIBITED ADVERTISING PRACTICES & TOOLS.

In order to protect the image of the Company as well as our field of Coaches, certain advertising practices are strictly prohibited:

- a. **Print Media.** Except as allowed by these Policies, Coaches are prohibited from advertising their businesses or from using the Company name or any other Company trademark in print media, this includes, but is not limited to:
 - i. National magazines, such as People or Rolling Stone;
 - ii. National/regional magazines, such as Baltimore Magazine or New York Magazine;

- iii. National newspapers, such as USA Today or The New York Times;
 - iv. Direct Selling publications;
 - v. Outdoor commercial advertising, such as transit ads, billboards, banners on brick and mortar buildings, etc.;
 - vi. Catalogs or catalog listing services.
- b. **Radio, Podcasts and Television.** Coaches are prohibited from advertising on national or regional radio, podcasts and television. Coaches are permitted to advertise on local radio to promote local **OPTAVIA** Coach events, however, Coaches must receive written approval concerning the advertisement and the proposed local radio station (via an Advertising Request Form). The Company may decline to provide permission to the Coach at its sole and absolute discretion. With the exception of Company-approved (in writing) PR opportunities, such as Coach interviews on local news programs, Coaches may not advertise **OPTAVIA** products, programs or services on television.
- c. **Websites.** Coaches may not publish, create, or maintain any website or web page (including mobile application), other than their replicated **OPTAVIA** website, in connection with their business.
- d. **Domain Names, URLs, Keywords, and Meta Tags.** Coaches may not use, purchase, or register any domain names, URLs, keywords, or meta tags that includes, in whole or in part, the Company name or any of the Company's trademarks, service marks, or product names, or any derivative thereof. To the extent that Coaches violate this Policy, they hereby acknowledge and agree that they will, upon Company request, immediately discontinue use and/or transfer to the Company (or its designee), at the Coaches' expense, any such materials. Without limitation, a Coach may not:
- i. Create, operate, or maintain any website or web page with the words **OPTAVIA**, Medifast, or any other Company trademark or acronym or derivative of a trademark, in whole or in part, in all or part of the URL (please see partial list of **OPTAVIA** trademarks attached as Appendix J to these Policies);
 - ii. Purchase a keyword from a search engine or other online service that comprises or includes the words **OPTAVIA** or any other Company trademark, irrespective of whether the results of searches for that term include the Company;
 - iii. Create, operate or maintain a social media page, including, but not limited to any Client support page. Coach support page or Team Page, that with the words **OPTAVIA**, Medifast, or any other Company trademark or acronym or derivative of a trademark, in whole or in part, in all or part of the URL or the page name. Coaches ARE permitted to indicate that their page is operated by an independent **OPTAVIA** Coach, along with the Coach's name, e.g., "Client Support Page for [Coach Name], independent **OPTAVIA** Coach."
- e. **Email Addresses.** Coaches may not Create an e-mail address that includes, in whole or in part, the Company name or any of the Company's trademarks, service marks, or product names, or any derivative thereof.
- f. **Online Auctions, Markets and Outlets.** Coaches may not sell, auction, or attempt to sell Company products, programs, business tools, coupons/promotional codes, or the unique support services offered by a Coach on any online marketplace/storefront or auction sites (e.g., Amazon, eBay, etc.). Coaches are prohibited from using these sites to sell products or solicit/generate leads. Selling Company products, programs, or services online will subject the Coach to potential disciplinary action, up to and including termination.

- g. ***Unsolicited Communications.*** Coaches may not send, transmit, or otherwise communicate any spam or other unsolicited mail, e-mail, text, SMS, or other messages to any individual or group. Use of Company provided tools, such as the Back-Office, require that Coaches have a bona fide connection to their message recipients prior to sending correspondence of any kind. Coaches may not buy or use any third party generated e-mail or mailing address lists in conjunction with their **OPTAVIA** business. Coaches shall be solely liable to understand and comply with all laws limiting use of communication mediums, including without limitation the Telephone Consumer Protection Act ("TCPA"), the Telemarketing Sales Rule, CAN-SPAM, and the Junk Fax Act. These laws may require specific forms of consent, specific forms of opt-out, scrubbing against national and internal do not call lists and reassigned number databases, and other consumer protections.
- h. ***Blogs and Vlogs.*** Coaches cannot create or maintain independent blogs or vlogs (video blogs) that contain the Company name or company trademarks or that describe Company products or programs without written Company approval. Vlogs specifically include, but are not limited to, YouTube and Vimeo.
- i. ***Product Packaging.*** Coaches may not re-label, repackage, or modify the Company's products in any way in conjunction with any advertising, presentation, or other endeavor. A Coach may, however, provide products for sampling purposes.
- j. ***Similar Promotions or Incentives.*** While Coaches are permitted to run compliant incentives or promotions within their organization as a method to grow their respective businesses, Coaches are prohibited from running incentives, contests and or promotions within their organizations that are confusingly similar in nature to those that are promoted by **OPTAVIA**. Coaches should also ensure that any promotions or incentives that they may choose to run are in compliance with any applicable local, state or federal regulations. Please note that promotions or incentives are potentially subject to the laws of all 50 states and could be legally prohibited altogether or require registration and payment of fees. As a result, the Company strongly suggests that Coaches seek their own legal counsel to ensure the compliance of any planned promotions or other incentives.
- k. ***Company-Operated Social Media.*** The Company (defined as **OPTAVIA** LLC and its parent company, Medifast, Inc.), has its own independent social media presence. From time to time, the Company may use "organic posts" and "paid social media advertisements" to promote the Company and its offerings, including, but not limited to, its products and programs. In order to preserve the intended purpose of these posts and prevent disruption within the **OPTAVIA** Community, **OPTAVIA** Coaches may not directly or indirectly, themselves or through their Clients, attempt to solicit, or recruit potential Client or Coach candidates on any Company social media postings or advertisements. "Attempting to solicit or recruit" shall be broadly construed, and examples include, but are not limited to:
 - i. "Come join my team;"
 - ii. "I can help you lose weight and my services as a Coach are at no extra cost;"
 - iii. "My team and I have a great time together;"
 - iv. "Come join my Coach's team."
 - v. "My Coach is so great! You should use [Coach name]."
- l. ***Paid Social Media Advertising.*** The use of paid social media advertising, i.e., paying for social media advertisements to promote the **OPTAVIA** offering is not permitted unless the Coach is recognized as Global Director (or above) and the Coach has achieved a paid rank of Global Director (or above) in the last twelve (12) rolling months. Please see Policy 5.7 c. for further details and restrictions on the use of Paid Social Media advertising.

5.7 PERMISSIBLE ADVERTISING PRACTICES & TOOLS.

While certain advertising practices are prohibited, Coaches may use a wide variety of resources to attract Clients and to acquire new Coaches. Please remember that Coaches may only use approved Business Support Materials when advertising their business.

- a. **Replicated OPTAVIA Website.** Coaches can advertise their business through their replicated **OPTAVIA** website.
- b. **Social Media.** Coaches may include a link on their social media sites (Facebook, Twitter, LinkedIn, YouTube, Pinterest, Instagram, etc.) to their replicated **OPTAVIA** website, and vice-versa. Coaches are responsible for the content of all material that they produce and all of their own postings on any social media site, as well as all postings on any social media site that they own, operate, or control. In addition to meeting all other requirements specified in these Policies, if a Coach uses any form of social media to advertise their business, including, but not limited to, Facebook, Twitter, LinkedIn, YouTube, Pinterest, or Instagram, the Coach agrees to each of the following:
 - i. No product sales or enrollments may take place directly or indirectly through any social media site;
 - ii. Coaches may not make any social media postings, or link to or from any postings or other material that is sexually explicit, obscene, pornographic, offensive, profane, hateful, threatening, harmful, defamatory, libelous, harassing, or discriminatory (whether based on race, ethnicity, creed, religion, gender, sexual orientation, physical disability, or otherwise), is graphically violent, is solicitous of any unlawful behavior, that engages in personal attacks on any individual, group, or entity, or is in violation of any intellectual property rights of the Company or any third party;
 - iii. Any social media site that is directly or indirectly operated or controlled by a Coach that is used to discuss or promote **OPTAVIA**'s products, programs, services, or the business opportunity, may not link to any website, social media site, or site of any other nature that promotes the products, services, or business program of any Direct Selling company other than **OPTAVIA**;
 - iv. During the term of the Agreement and for twelve (12) calendar months after termination of the Agreement, a Coach may not use any social media site on which they discuss or promote, or have discussed or promoted, the **OPTAVIA** business or **OPTAVIA**'s products, programs or services to directly or indirectly solicit **OPTAVIA** Coaches for another Direct Selling Program of any kind. A current or former **OPTAVIA** Coach shall not take any action that may reasonably be foreseen to result in drawing an inquiry from other **OPTAVIA** Coaches relating to the Coaches' other Direct Selling business activities. For the avoidance of doubt, during the term of the Agreement and for twelve (12) calendar months after the termination of the Agreement, Coaches may not solicit any **OPTAVIA** Coach or Client for another Direct Selling Program, including Coaches that are, or were in their personally sponsored downline. Violation of this provision shall constitute a violation of the Non-Solicitation provision of these Policies (which includes Section 3.7 above);
 - v. If a Coach creates a business profile page on any social media site that promotes or relates to **OPTAVIA**, its products, programs, services or opportunity, the business profile page must relate exclusively to the Coaches' **OPTAVIA** business and **OPTAVIA** products, programs and services (Pinterest and similar sites are exempt from this exclusivity Policy). If the Coaches' **OPTAVIA** business is canceled for any reason or if the Coach becomes inactive, the Coach must deactivate the business profile page;

- vi. Some social media sites are so robust that they can serve as websites. As Coaches are not permitted to operate independent websites to advertise **OPTAVIA**, its products, programs, services or opportunity, **OPTAVIA** reserves the right to require that a Coach discontinue using a social media site that the Company in its sole discretion determines to be the equivalent of a website.
- vii. If a Coach uses a social media landing page tool that allows users to create a page with multiple links to other sites and web pages, to promote the **OPTAVIA** offering and/or host a link to a Health Assessment, the social media landing page tool must only contain information or links to the Coach's **OPTAVIA** business. Other non-**OPTAVIA** or 3rd party businesses may not be hosted on the same social media landing page tool.
- c. ***Paid Social Media Advertising.*** Coaches who are recognized as Global Director (or above) and have achieved a paid rank of Global Director (or above) in the last twelve (12) rolling months are permitted to engage in paid social media advertising so long as they are in compliance with the following:
 - i. The Coach must disclose they are an "independent **OPTAVIA** Coach" in the ad;
 - ii. The ad may not contain any unapproved product or program claims. Coaches may only make product or program claims that appear on **OPTAVIA.com**, Coach Answers or **OPTAVIA's** social media platforms;
 - iii. The ad may not contain any weight maintenance claims (e.g., "I've kept my weight off for [X] years, #50poundsgoneforgood, etc.);
 - iv. The ad may not contain any medication reduction or elimination claims (e.g., #offallmeds, no more insulin, etc.);
 - v. The ad may not include any health claims, **OPTAVIA** does not cure, treat or prevent any diseases (e.g., no longer diabetic, inflammation gone, no longer at risk for heart disease, etc.);
 - vi. If the ad includes a weight loss testimonial or before and after photo, it must include a clear and conspicuous weight loss disclaimer and be in compliance with Policy 5.12 Testimonials & Claims;
 - vii. The social media page and/or business account page names may not include any of our protected trademarks (i.e., **OPTAVIA**, Habits of Health®, Lifelong Transformation, One Healthy Habit at a Time®, etc.), see Addendum J for a Partial List of Trademarks; and
 - viii. The sharing of the **OPTAVIA** income opportunity or the making of any income or lifestyle claims is prohibited.
 - ix. Coaches who are qualified to participate in paid social media advertising are not required but are permitted to share proposed paid social media advertising to compliance for review by submitting a copy of the proposed ad via the [Advertising Request Form](#).
- d. ***Telephone Directories (Yellow and White Pages).*** Potential Clients seeking a Coach can look one up in the telephone directory. Coaches may list themselves in telephone books and other directories as their name, followed by "Independent **OPTAVIA** Coach" or "Independent Coach with **OPTAVIA**." Certified Coaches may identify themselves as such in telephone directories (as an "Independent Certified **OPTAVIA** Coach"). This rule also applies to local online directories or listings, including websites like www.patch.com and www.yellowpages.com. **OPTAVIA** Coach telephone directory listings must be approved by the Company.
- e. ***Community Newspapers and Local Classified Publications.*** Publications such as PennySaver, local newspapers, and community bulletins are widely read by the people in the community. Coaches may advertise in these publications, so long as the advertisement is approved by the Company.

- f. **Online Classifieds.** Many local newspapers and weekly publications are also available online. Coaches may wish to advertise their business through local online classified advertisements (including on Craigslist) to promote the Coach's **OPTAVIA** business and to locate potential new Coaches. However, Coaches are not permitted to use online classifieds for product sales; postings related to sales of products are strictly prohibited. Online classified advertisements must be approved by the Company.
- g. **Supermarket Bulletin Boards.** Most local grocery stores have a bulletin board where local residents fill out cards advertising goods and services; Coaches may place Company approved business cards on such bulletin boards.
- h. **Welcome to the Neighborhood.** When people move into a new neighborhood, they are on the lookout for new ways to buy familiar goods and services. Many communities offer gift baskets featuring special deals for new residents. Coaches may place approved Business Support Materials or Company approved business cards in the welcome package.
- i. **Customized E-mail Signature.** Turn an e-mail signature into a mini-ad. It's a free, easy way to promote your **OPTAVIA** business. Keep it brief, but include what you think is important. In order to remain consistent with brand guidelines, be sure to hold yourself out as an "Independent **OPTAVIA** Coach" or "Independent Coach with **OPTAVIA**." Certified **OPTAVIA** Coaches can list themselves as an "Independent Certified **OPTAVIA** Coach" in an e-mail signature.

See the **OPTAVIA** Procedures for Details on Submitting Permitted Advertising Materials and Tools to the Company for Approval.

5.8 E-MAIL MESSAGES.

Coaches must comply with all laws regarding the sending of e-mail messages, including the CAN-SPAM Act, and it is a duty of the Coach to become and remain informed about the requirements of these laws. Coaches are prohibited from sending unsolicited e-mails regarding their replicated website or business to individuals who have not specifically requested information regarding the **OPTAVIA** business opportunity, products, programs or services. In the event an individual who has formerly agreed to receive e-mail information later requests that the Coach cease sending the individual any e-mail, the Coach must honor this request immediately and remove that individual from the Coach's e-mail distribution list.

5.9 COMPANY TRADEMARKS & COPYRIGHTS.

The name "**OPTAVIA**" and other names as may be adopted by the Company from time to time are proprietary trade names, trademarks and service marks of **OPTAVIA** (as partially outlined in Appendix J). The Company's trademarks and copyrights are valuable assets and, therefore, the Company strictly regulates the use of these trademarks and copyrights to ensure that they do not lose their value to the Company or to our independent field sales force. Coaches may not use the Company's trademarks, trade names, copyrights and other intellectual property rights, registered or otherwise, in any form except as specifically authorized by these Policies or as otherwise approved in writing by the Company. The Company may prohibit the use of the Company's trademarks or copyrights in any Business Support Materials or other medium. While the Company grants Coaches a limited license to use its trademarks and trade names in promotional media, that license exists only for so long as the Independent **OPTAVIA** Coach Agreement is in effect. Upon cancellation of a Coach's Agreement for any reason, the Coach's license shall expire and the Coach must immediately discontinue all use of the Company's trademarks and trade names. Violation of any of the Policies pertaining to Company Trademarks and Copyrights may subject the Coach to disciplinary action, up to and including termination.

- a. **Use of Company Trademarks.** Under no circumstances may a Coach use any of **OPTAVIA**'s trade names, trademarks, service marks or logos in any e-mail address, Business Entity name, website domain name, social media name or handle (or social media profile picture), address or phone number. In addition, Coaches are not permitted to use or apply the Company's trade

names, trademarks, service marks or logos on any tangible items, including, but not limited to: customized license plates, apparel, products, tools or other materials, unless otherwise allowed in these Policies or as authorized by the Company in writing.

- b. ***Live and Recorded Events.*** **OPTAVIA** commonly puts on live and recorded events as well as webinars and telephone conference calls. During these events, Company executives or employees, Coaches, and guests may appear and speak. The content of such events is copyrighted material that is owned exclusively by the Company. Coaches may not record any Company events or functions for any reason, whether such event is live, a webinar, via conference call, or delivered through any other medium (Company events or functions include: "**OPTAVIA** Convention," "Sundance," "Healthy Habits for All[®]," etc.).
- c. ***Company Produced Business Support Materials.*** Company-produced Business Support Materials, videos, audio, podcasts, and printed material are copyrighted materials. While some of these materials may be available to Coaches in their Back-Offices for download, Coaches shall not copy, sell or license any such materials without the Company's prior written approval.

5.10 REPLICATED WEBSITES.

Upon enrollment, Coaches receive a replicated **OPTAVIA** website from which they can generate sales and enrollments of other Coaches. Replicated **OPTAVIA** websites are the only websites that Coaches are authorized to use in connection with their **OPTAVIA** business.

5.11 RETAIL OUTLETS.

Coaches may not sell **OPTAVIA** products in any retail, wholesale, warehouse, trade show or discount establishment (collectively "Retail Outlet"). This includes accepting orders, and/or accepting any form of payment for products and/or exchanging or transferring products to a buyer in a Retail Outlet.

5.12 TESTIMONIALS & CLAIMS.

- a. ***Weight-Loss Testimonials.*** If a Coach makes a weight-loss testimonial (including any statements or representations about weight-loss efficacy or statements disclosing or implying the amount of weight that any person has lost) in connection with **OPTAVIA**'s products and programs, the Coach must adhere to each of the following:
 - i. The Coach making the testimonial must clearly and conspicuously disclose that he/she is an independent **OPTAVIA** Coach;
 - ii. The testimonial must be true and accurate, and must disclose all additional material information that impacted their weight-loss (e.g., changes in lifestyle or exercise habits, use of diet pills, use of GLP-1 medications, etc.);
 - iii. The testimonial must clearly and conspicuously include the most recent **OPTAVIA** disclaimers which are included in official **OPTAVIA** literature or posted on **OPTAVIA**'s official website and which may change or be updated from time to time. It is the Coach's obligation to be familiar with the latest **OPTAVIA** disclaimers.
- b. ***Weight-Loss Statements/Testimonials Disclaimers.*** Weight-loss statements/testimonials must include one of the following disclaimers, depending on whether (a) only total weight-loss is noted in the statement or (b) total weight-loss and a time duration is mentioned, for example:
 - i. "Average weight-loss for Clients on the Optimal Weight 5&1 Plan[®] is 12 pounds." Use this version for weight-loss statements where only total weight-loss is noted without any time duration mentioned, e.g., - "Susan lost 50 pounds;"
 - ii. "Average weight-loss for Clients on the Optimal Weight 5&1 Plan[®] is 12 pounds. Clients are in weight-loss, on average, for 12 weeks." Use this version for weight-loss statements where both total weight-loss and a time duration is mentioned, e.g., - "Susan lost 50 pounds in 4 months."

1. For additional information on weight-loss disclaimers and claims, please see COACHANSWERS.OPTAVIA.com.
- c. **Prohibited Health Claims.** It is important to ensure that when you are advertising your business, any health claims are truthful, non-misleading and substantiated. There are a few conditions which improve for almost everyone when they lose weight. We, as a Company, are confident that we have enough scientific support to talk about these conditions, solely when talking about weight-loss. Just eating our Fuelings is not enough. Clients must follow the program and actually lose the weight. For example, with respect to weight-loss, it is typical that people see improvements in the following conditions:
 - i. High blood pressure;
 - ii. High cholesterol/high triglycerides; and
 - iii. Type 2 diabetes.

At this time, we do not have the scientific support to advertise improvement of any other health-related condition. When discussing improvements of any of these 3 conditions, you must indicate that the improvement was due to weight-loss (e.g., "Thanks to losing weight, my type 2 diabetes has improved"). **OPTAVIA** and the Optimal Weight 5 & 1 Plan do not cure, prevent, diagnose, or treat any disease; Coaches may not make claims that **OPTAVIA**'s products and programs can or may help to prevent, cure, and/or mitigate any illness or disease. This prohibition against curative claims includes, but is not limited to, testimonials about **OPTAVIA**'s products and programs that are not contained in official **OPTAVIA** literature or posted on **OPTAVIA**'s official website. **OPTAVIA** and its products and programs are not medical treatment or care and cannot and must not be conveyed as such. The following is a non-exclusive list of prohibited health claims:

- i. Medication Elimination (example of non-compliant statement; please do not use - "Thanks to **OPTAVIA**, I'm off all blood pressure medication.");
 1. While you may note that your medication was lowered or reduced DUE TO Weight-loss, not **OPTAVIA**, you may not discuss medication being lowered or reduced unless it was for one of the 3 conditions noted above - High Blood Pressure, High Cholesterol or Type 2 Diabetes.
- ii. Specific Weight Maintenance (example of non-compliant statement; please do not use - "I have maintained my weight-loss for five years.")
 1. While you may note that you are maintaining your weight, you are not permitted to include specific time spans when referring to maintaining your weight-loss.
- iii. Specific Improvements with High Blood Pressure, High Cholesterol or Diabetes or any other disease or condition (example of non-compliant statements; please do not use - "My blood pressure has dropped to 120/80," "My cholesterol has dropped below 200," or "My A1C levels are below 5 percent").
 1. Again, while you may note that you have general improvements in the aforementioned 3 conditions, DUE TO Weight-loss, you are not permitted to discuss specific improvements with respect to these 3 conditions.

Again, as mentioned above, these are only a few of the prohibited health claims that Coaches are not permitted to make or discuss when advertising their **OPTAVIA** Coach business.

- d. **Representing the Income Opportunity.** When presenting or discussing the **OPTAVIA** Integrated Compensation Plan or income opportunity, Coaches must include a proper income disclaimer (examples below) making clear to prospects that financial success in **OPTAVIA** is not guaranteed; that success requires, at a minimum, commitment, effort, and skill; and that success levels above small supplemental income are rare. When presenting or discussing

the **OPTAVIA** opportunity or Integrated Compensation Plan or business opportunity to a prospective Coach, Coaches must provide the prospective Coach with a copy of **OPTAVIA**'s then-current Income Disclosure Statement ("IDS") to demonstrate the range of success that Coaches had in the past year. Coaches may not make any exaggerated income claim nor any claim that is false or deceptive. Moreover, Coaches must never represent that one can be successful without diligently applying themselves. Examples of misrepresentations in this area include, but are not limited to:

- i. The system will do the work for you;
- ii. Just get in and your downline will build through spillover;
- iii. Just join and I'll build your downline for you;
- iv. The company does all the work for you;
- v. You don't have to sell anything;
- vi. All you have to do is buy your products every month.

It is important that Coaches do not make these, or any other representations, that could lead a prospect to believe that they can be successful as a Coach without commitment, effort, and skill or that suggests they are guaranteed success even with commitment, effort, and skill.

- e. **Income Disclosure Statement.** The Company has developed the Income Disclosure Statement ("IDS") to convey truthful, timely, and comprehensive information regarding the income that **OPTAVIA** Coaches have earned (IDS is attached as Appendix F to these Policies). The IDS is not a projection of what may be earned in the future; it is a report of what Coaches have earned in the past and must be conveyed as such. A copy of the IDS must be made available to any prospective Coach any time the Integrated Compensation Plan or earning opportunity is presented or discussed or any type of income claim or earnings representation is made.
- f. **Income Claims and/or Earnings Representations.** Income claims and earnings representations (collectively, "income claims") are:
 - i. Any statement indicating a specific amount has been, may be, or will be earned;
 - ii. Any statement making a financial projection;
 - iii. Any statement providing possible ranges within which income can be earned;
 - iv. Statements of earnings ranges;
 - v. Income testimonials;
 - vi. Lifestyle claims (see below for examples); and
 - vii. Hypothetical claims.
- g. **Lifestyle Claims.** A "lifestyle claim" is a form of income claim. It typically includes discussion or pictures of large homes, vacation homes, boats, luxury cars, exotic vacations, expensive jewelry or other items suggesting or implying wealth. A photo of any of these things standing alone is a lifestyle claim. References to the achievement of one's dreams or having everything one always wanted are also lifestyle claims. Claims such as "My **OPTAVIA** income exceeded my salary after six months in the business," or "Our **OPTAVIA** business has allowed my wife to come home and be a full-time mom," or "I'm now able to send my kids to private school," or "Time freedom" are examples of lifestyle claims.
- h. **Income Disclaimers.** When discussing the **OPTAVIA** business opportunity or making any references to income or lifestyle claims, Coaches must disclaim these representations with a proper income disclaimer. An income disclaimer must: (1) be truthful and disclose when the representation is about above-average or exceptional performance (the more atypical the represented success, the more thorough the disclaimer should be); (2) be clear

and conspicuous (i.e., use straightforward, simple language and a similar size and font for both the income claim and the income disclaimer); and (3) be provided at the time of the representation and must be visible (when in writing). The Company has developed the following income disclaimers that should be used by Coaches when sharing their success with **OPTAVIA**:

- i. Typical Income Disclaimer - When sharing personal stories of typical or average success with **OPTAVIA**, such as providing the opportunity to help with paying for soccer camp, groceries, or help with a car payment, etc., the following disclaimer should be referenced:
 1. “**OPTAVIA** makes no guarantee of financial success. Success with **OPTAVIA** results from successful sales efforts, which require hard work, diligence, skill, persistence, competence, and leadership. Please see the **OPTAVIA** Income Disclosure Statement (<https://bit.ly/idsOPTAVIA>) for statistics on actual earnings of Coaches.”
- ii. Atypical Income Disclaimer - When sharing personal stories of atypical success with **OPTAVIA**, such as providing the opportunity to take a European vacation, pay off a mortgage, invest in a vacation home, etc., the following disclaimer should be referenced:
 1. “This income testimonial is not representative of the average earnings that Coaches achieve with **OPTAVIA**; only a very small number of Coaches will achieve income that is within the range of this testimonial. **OPTAVIA** makes no guarantee of financial success. Success with **OPTAVIA** results only from successful sales efforts, which require hard work, diligence, skill, persistence, competence, and leadership. Please see the **OPTAVIA** Income Disclosure Statement (<https://bit.ly/idsOPTAVIA>) for statistics on actual earnings of Coaches.”
- iii. If sharing your success verbally, please make sure to give the appropriate verbal disclaimers regarding your success. For example:
 1. “This is my personal story. Clearly, I have been fortunate to have success as a Coach with **OPTAVIA**, but there is no guarantee of financial success and very few Coaches achieve the results that I did. Success with **OPTAVIA** results from successful sales efforts, which require hard work, diligence, skill, persistence, competence, and leadership. Take a look at **OPTAVIA**’s Income Disclosure Statement [which I will provide for you/which is on the sheet you received/is available at the website on the screen] for statistics on actual earnings of Coaches.” OR
 2. “What I’ve been discussing is my story. I’ve worked hard and been fortunate to be successful as a Coach with **OPTAVIA**. But, there are no guarantees of financial success with **OPTAVIA**. In fact, only a small number of Coaches achieve the results that I did. What it took for me to be successful in my sales efforts with **OPTAVIA** was hard work, diligence, skill, persistence, competence, and leadership. Take a look at **OPTAVIA**’s Income Disclosure Statement [which I will provide for you/which is on the sheet you received/is available at the website on the screen] for statistics on actual earnings of Coaches.”
- i. **Meetings.** In any meeting that is open to the public in which the Integrated Compensation Plan is discussed or any type of income claims are made, there must be a 3-foot x 5-foot or larger copy of the current IDS on display in the front of the room in reasonable proximity to the presenter(s). Alternatively, a Coach may provide all attendees with a copy of the current IDS. In any meeting in which any type of video display is used (e.g., monitor, television, projector, etc.), a slide of the IDS must be displayed continuously throughout the duration of any discussion of the Integrated Compensation Plan or the making of an income or lifestyle claim. Alternatively, a Coach may provide all attendees with a hard copy of the current Income Disclosure Statement on a page that is at least 8”x10.” Provision of the IDS as required here does NOT serve as an income disclaimer, and you must still use the appropriate income disclaimers if there are references to income or lifestyle claims are made/displayed at a meeting.

5.13 HOLDING EVENTS & MEETINGS.

- a. **Field-Run Events.** Coaches are encouraged to get together with other Coaches for training, motivational, or business development purposes; these are deemed Meetings or Trainings for purposes of these Policies. Meetings and Trainings can be held between Coaches in the same organization or coaches in other lines of sponsorship. The Company does not need to be notified of their occurrence. Even when all attendees are Coaches, proper income disclaimers should be used if there are references to income or lifestyle claims are made/displayed.
- b. **Client or Coach Acquisition Events.** Coaches may also wish to hold Client acquisition or business opportunity events that are advertised, promoted, or open to the public. These gatherings are deemed "Events." For Coach acquisition Events, **OPTAVIA** Coaches must abide by the following requirements:
 - i. Income Disclosure Policies must be adhered to;
 - ii. Only approved Business Support Materials (developed or approved by the Company) may be used at any Event;
 - iii. All other Policies herein must be adhered to when holding an Event, failure to do so is grounds for disciplinary action.
 - 1. While the Company does not need to be notified of the occurrence of Events, should a Coach have any doubt concerning whether or not he/she may be in compliance with all relevant **OPTAVIA** Policies when holding an Event, the Coach should contact the **OPTAVIA** Compliance Department.

5.14 TRADE SHOWS, FAIRS, & EXPOS.

- a. **Promoting a Coach Business at Professional Events.** We encourage Coaches to attend trade shows, fairs, and expositions to promote their businesses, when they are ready. However, Coaches must refrain from attending events that do not reflect well on the scientific and clinical heritage of the Company, its products and programs, or that could negatively reflect on the image of the Company.
- b. **Qualification.** Only Certified Coaches who are qualified at the rank of Executive Director or above may attend and promote **OPTAVIA** at trade shows and professional expositions. Other Coaches not yet qualifying at the rank of Executive Director may participate in a trade show only under the guidance of a Certified Executive Director personally present at the event.
- c. **Turning Event Contacts into Active Clients.** If a future Client wishes to place an order at the exposition, he/she can place the order through Client Services or place the order online via the Coach's replicated website.
- d. **Company Presence at Events.** Members of the **OPTAVIA** corporate team often attend and participate in events, which emphasizes the importance of speaking with one voice from a brand perspective to uniformly promote our products and programs. Therefore, Coaches may not participate in events where there is a corporate presence, unless prior written approval is given by the Company. It is solely the Coach's responsibility to comply with this Policy.
- e. **Field Presence at Events.** **OPTAVIA** is not responsible for managing the event schedule within the field and will not mediate disputes with event vendors or among members of the field.
- f. **Registering for Events.** Coaches should inquire with the event organizer prior to registration to determine if the Company will be attending the event. In cases where the Company will be present, Coaches should contact the Company before registration. The Company is not responsible for event registration fees and event costs associated with Coaches registering for events they cannot attend. Coaches may not register themselves as "**OPTAVIA**," Coaches may only register as: "<Coach Name>, Independent **OPTAVIA** Coach" or "<Coach Name>,"

Independent Coach with **OPTAVIA**,” or Certified **OPTAVIA** Coaches can register themselves as “<Coach Name>, Independent Certified Coach with **OPTAVIA**.”

- g. **Insurance.** As previously mentioned in these Policies (Policy 3.4), **OPTAVIA** does not provide liability or other insurance coverage, which is sometimes required to participate in such events. Such coverage, if necessary, is the sole responsibility of the Coach.
- h. **Approval.** **OPTAVIA** further reserves the right to refuse authorization for participation in any function that it does not deem to be a suitable forum for the promotion of its products, programs, services, or the **OPTAVIA** business opportunity.